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Herald international Cribune.

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Saturday-Sunday, September 24-25, 1994

No. 34,702

North Korea

Won't Budge

On Inspection

Of Atom Sites

Pyongyang Angers U.S. By New Demand for

A \$2 Billion Payment

Compiled by Our Staff From Dequadies GENEVA - American and North Ko-

rean officials ended a first day of talks on

Pyongyang's nuclear program on Friday,

North Korea that it would not allow in-

North Korea also preempted a resolu-

tion at the annual conference of the Inter-national Atomic Energy Agency in Vien-na, which called for full access to all nuclear information and locations, includ-

ing the two suspect plants.
The United States said this week it

would address the issue of inspections during the Geneva talks, but Pyongyang sig-

naled that pressure for international

checks could wreck an overall agreement.

The chief U.S. negotiator, Robert L

Gallucci, held four hours of talks with the

North Korean delegation leader, Kang Sok Ju, at the U.S. mission in Geneva.

progress toward settling the nuclear issue But a North Korean Foreign Ministry spokesman warned Friday that Pyongyang would not yield to pressure to open up the two plants, which it describes as military

The spokesman, quoted by the officia Korean Central News Agency, said that "i

the dishonest forces created difficulties in

the provision" on light-water reactors, by

insisting on special inspections. North Ko

rea "would not feel the need to freeze it

independent graphite-moderated reacto

North Korea for Western cash and Ger

man or Russian nuclear technology hav

puzzled U.S. officials and dampened

Washington arrange for a payment of S

The new demands include a request that

hopes for a speedy accord in Geneva.

Several unexpected new demands by

Both sides said they wanted to make

spections of two suspect atomic sites.

Breaking the Old Taboo About the Pope's Health Already, Talk Is of Papal Succession

By Alan Cowell

New York Times Service ROME - The old aphorism at the Vatican used to be something like: The Pope is alive until he is dead.

It meant, simply, that whatever the state of his mortality, the Pope could not be seen to be enfeehled or otherwise impaired from performing the spiritual and physical duties of his office.

In recent days, something has changed. "For many years, papal illnesses were taboo," said Giancarlo Zizola, an Italian writer who specializes in covering the Vati-can. "And there still exists one of the most constant beliefs of the Vatican, according to which the Pope enjoys the best possible health until the moment before he dies."

But these days, he said, the question "How is the Pope?" is quickly followed by another: "Who could be elected?"

The talk, that is to say, has turned to the succession and to what Mr. Zizola described as "the pre-electoral climate that has set in among the highest ecclesiastical

Indelicate and possibly premature though it may seem, the Curia — the Vatican bureaucracy—is maneuvering for

a new papal era. Thus, the announcement on Thursday that, for reasons of ill-health, Pope John Paul II is postponing a visit next month to New York, Newark and Baltimore, has assumed far broader significance. Not only did the Vatican undermine its own

insistence on papal robusiness, but it was also unable to prevent a remarkable shift

At the start of Karol Wojtyla's papacy 16 years ago, said Domenico Del Rio, a former priest whn writes widely about the

NEWS ANALYSIS

Vatican, the Pope hrandished the ponitifi-cal cross around the world "like a pilgrim's "Now he leans on the same cross for

support as he walks," he said. Within the ever-conspiratorial walls nf the Vatican, moreover, according to officials who spoke in return for anonymity. the perception of ill-health has crystallized questions that are not asked in public.

Will the Italians reassert their hold on the papacy broken with the election of the Polish Pope in 1978? Will the cardinals who elect a new Pope choose a successor from the Third World, where the Roman Catholic Church is most vibrant; could there, this time, be history's first African

The questions do not tally with what the Pope's aides and physicians say about his health. According to his spokesman, Joaquin Navarro-Valls, the only reason the Pope postponed next month's trip to the United States was to complete his convalescence after hreaking his leg last April. The U.S. tour Oct. 20-23 would have

See POPE, Page 8



LANGUAGE OF SOLDIERS — An encounter between a Zairian and a Japanese soldier Friday at Goma airport in Zaire, where Japanese troops arrived to begin a UN-sponsored peacekeeping role on the Rwanda border. Page 8.

Grim Scene at Hospital Illustrates the Depth of Haiti's Desperation

By William Booth Vashington Post Service

CAP-HAITIEN, Haiti — The U.S. military's campaign to win the hearts and minds of Haiti began when Marines overwhelmed the old general hospital here with truckloads of free medical supplies. But the hospital offered a disturbing glimpse of

bow great the needs are in Haiti. The open-air wards were lined with dirty, moldy mattresses; the stockrooms were almost bare. Although the U.S.-led emhargo had allowed the shipment of medicine, economics had not. Many importers could not be bothered while it was more lucrative to smuggle gas, generators and Heineken beer.
Fritz Volmer, an orthopedic surgeon on the staff, said the public hospital had months ago resorted to

rationing even bandages. In the women's ward, Yolande Fleurimond, 57, lay under a mosquito net, small as a child and thin as a bird, her limbs swaddled in yellowing gauze, the bright red and white blisters of burned skin covering almost half of her body.

Navy Lieutenant Chuck Miller, a physician, said the woman prohably had had no better than a 5

percent chance of survival before the medical sup-plies arrived. She was hurned when the black-market gasoline she sold at the market caught fire.

"They were doing the best they could for her, hut they were only able to change her handages once every three days," Lieutenant Miller said. "And they didn't have the intravenous penicillin to fight her infections." He estimated that with the supplies provided by the military, the woman's chances of survival rose to 75 percent.

survival rose to 75 percent. Marine commanders in Cap-Haïtien said their immediate concern now was the behavior of the

Haitian military toward the people. As Lieutenant Miller and the Marines unloaded supplies, an old woman who had been hit with a rifle butt by a Haitian soldier appeared in the courtyard, her left eye covered with handages.

"There's just heen too much pushing and shoving and reports that they're going out at night and really thumping on the populace," said Marine Lieutenant Colonel Steve Hartley, the commander of the U.S. troops in Cap-Haïtien. "Our task now is to get this

See HAITI, Page 8

U.S. Lawmakers Agree to Limit Lobbyists' Pull

By Katharine Q. Seelye New York Times Service

WASHINGTON - For the first time in nearly 50 years, Senate and House negotiators have agreed on a major overhaul of lohbying on Capitol Hill, hanning lohbyists from paying for everything from lavish resort vacations for members of Congress to the lowly, but ubiquitous, fruit basket. At the same time, however, Republicans in the Senate are trying to block another

piece of legislation aimed at making changes in campaign financing. This bill would allow partial public financing of congressional elections and limit the amount spent by candidates. The two actions come in the waning days of the 103d Congress in an election year when lawmakers are nearly in a panic

over how they are perceived by the public. Congress wants to look as if it is taking a tough stance against receiving money or lavish gifts from lobbyists, whom the public perceives as the scourge of representative democracy. But at the same time, some members of Congress are reluctant to restrict how their own campaigns are paid

The agreement would ban lobhyists from giving any gift to a member of Con-gress or to a staff aide, including payment for travel expenses, tickets to sports and entertainment events, and such presents as bottles of wine and fruit baskets. Moreover, it includes a ban on all meals - a provision that has prompted some to predict the decline of Washington's flourishing restaurant industry.

The only gifts permitted would be campaign contributions, attendance at politi-cal events and refreshments worth less

The agreement covers all lohbyists: law-See LOBBYISTS, Page 8

PLAGUE — Indians waiting Friday at a train station to flee the pneumonic plague in Surat, India. The fever has left at least 100 people dead. Page 8.

Bosnian Morass Takes Toll On British General's Goals

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzcgovina -Eight months ago an unusually charismatic British general arrived in this city vow-

ing to open the roads, restore basic utilities and bring at least a semblance of normal

life back to Sarajevo. Today, shelling of Sarajevo has virtually stopped and, even the day after a NATO air strike, gunfire is rare. But the roads out of Sarajevo are sealed, the electricity, water and gas have been cut for nine days, the trams are no longer running and weary people are lining up again at the river to fill

containers with water. Meanwhile, Lieutenant General Sir Michael Rose, the commander of United Na-

tions forces in Bosnia, is in London. Officially, he is there on a routine visit. But senior UN officials said privately that a sharp conflict had emerged over whether General Rose should serve his full oneyear term. Already, a replacement is being eyed: Majnr General Rupert Smith, who commanded the British division in the Gulf War, where he forged close ues with

General Rose's relationship with U.S. officials and NATO has become increas-

ingly tense as the situation in Sarajevo and Bosnia has deteriorated over the last month. NATO is eager to use air strikes against Bosnian Serbian guns, but General Rose believes such actions can easily prove counterproductive, NATO and UN officials said.

Ian Lawrence, a spokesman for the British Defense Ministry, said, "I cannot con-firm or deny that General Rose will be leaving, but his time is nearly up." Colonel Tim Spicer, a spokesman for General Rose in Sarajevo, denied that General Rose might leave Sarajevo before his term ends next Jan. 24.

The fate of General Rose, a charismatic 54-year-old former commander of the distinguished unconventional warfare unit of the British Army, the Special Air Service, has mirrored that of Bosnia this year.

He arrived in January and seemed to personify hope as Serhian guns around Sarajevo were pushed hack in Fehruary, only to succumb gradually to the Bosnian morass that had exhausted his predeces-

In February, as a NATO ulumatum si-

lenced the Serbian artillery that had terrorized civilians for almost two years, General See ROSE, Page 2

hillion in cash, ostensibly as compensatio for North Korea's abandoning the devel opment of its graphite-moderated reactors which produce plutonium that can be use for nuclear weapons, in favor of light water technology, which produces little olutomum. Washington has demanded that Nort

Korea scrap its reactors, arguing that the are solely meant to make plutonium fo nuclear arms. North Korea agreed la: month that it would do so if Washingto arranged for the construction of two ligh water reactors, and helped arrange interit energy supplies.

program."

But it had not previously sought 5 hillion in cash, in addition to being fu nished with the two light-water reactor valued at \$4 hillion.

North Korea also has demanded th: these reactors he constructed by Germar or Russia, not principally by South Kore as Washington has proposed. U.S. officia say this stance will greatly complicate i efforts to organize the construction of the reactors, partly because neither German nor Russia is willing to provide the bulk

the financing.

Mr. Gallucci has called the new Nor Korean demands "ludicrous."

The International Atonic Energy Agecy, meanwhile, said it believed the tw buildings in North Korea were nucle waste dumps and could hold the answer whether North Korea has produced as concealed an unspecified amount of wea ons-grade plutonium.

Delegates in the agency's annual confectore voted, 76 to 1, with 10 abstentions, urge the North to allow inspections th See KOREA, Page 8

Italy's Loan Sharks, Enriched With Aid of Banks, Face Crackdown

By John Tagliabue

New York Times Service TURIN — Ciro Tronnolone, 44, an ex-convict, was arrested at the Porta Susa train station this summer after he was denounced for usury. At the time of his arrest. Mr. Tronnolone was pocketing cash in lire worth the equivalent of \$31,000 from Giorgio Ballestrazzi, who owns the newsstand at the station and had earlier borrowed \$19,000 from Mr. Tronnolone at 15 percent a month interest, a bargain at current market rates.

Belatedly, Italians have discovered that a banking system too sclerotic to serve the needs of merchants and small husinesses has created a vacuum imaginatively filled by tens of thousands of free-lance lenders. And so, one hy one, Italian cities are cracking

down on a vast network of loan sharks. It is a last-gasp attempt to rid the country of an illegal industry that boomed in the recession, when merchants and small businesses craved capital the banks could not - some say would not - supply. But it is also an effort to halt the flow of money from

drugs and other illegal sources into the legitimate

In Bergamo, eight people were arrested recently

for organizing a money-lending business asking annual interest rates of 300 to 500 percent, after one borrower hanged himself when he could not meet

The police in Ravenna arrested Giuseppe Occhipinti and seven associates and charged them with usury. Their company, called Much Money, had revenues of \$1.2 million a year.

In Naples, the local merchants' association, lamenting that "the situation has become unbearable, the sharks are devouring us," set up a toll-free hot line for people in the clutches of lenders. In the first hours, it was swamped by calls.

This month, the government of Prime Minister Silvio Berlusconi, the tycoon-turned-politician who was elected in March promising to fix the iamentable state of Italian financial services, proposed a tough-

See LENDERS, Page 8

Dow Jones Up 0.30% Down 5.38 3831.75 The Dollar 1.575 1.577 98.05 97.83

	Newsstand Prices
	Andorra
1	Lebanon US\$ 1.50 U.S. Mil. (Eur.) \$1.10

Getting Lost on the I-Way to the Future

By Steve Lohr New York Times Service

PHOENIX - At a gathering here of leading computer and telecommunications executives, AT&T showed a video the company shot recently on the streets of Manhattan.

The video crew had asked passershy a single question: "Where can I find the on-ramp to the information highway? "Take a left on Houston Street, and keep going straight,"

one man replied.
"Gee, I'm not sure," a woman said. "I've been there a million times, hut I can't remember. Ask Revnaldo, the doorman." Confusion about the information highway - a term as evocative as it is vague - extends far beyond the sidewalks of

When the AT&T video was shown here earlier this week, it brought chuckles and nods of recognition from the audience at Agenda, an annual conference attended by a few hundred of the senior executives from the high-tech industries of personal

computers, software, telecommunications and on-line comput-

They, too, are wandering in search of the on-ramp to the information highway, believing it will be the path to their companies' future growth.

Yet, beyond a belief in the importance of the information highway, there was little agreement here about the timing, course and business opportunities ahead. The information highway is a catch phrase for an evolution

that will unfold over the next decade or so, as the technologies of the computer, telephone and television converge. Many people expect to be able to tap a few buttons on a high-speed, high-capacity information conduit in their homes to order and receive everything from Hollywood movies to

books from the Library of Congress. That, at least, is the vision of the information highway that

See HIGHWAY, Page 3

Gaza Police Seal 11 Tunnels to Egypt

RAFAH, Gaza Strip (AP) — Palestinian police sealed 11 tunnels between the had hroken up the smugglers' networks Gaza Strip and Egypt that had been used to smuggle weapons and drugs as well as

PLO activists on the run. The Palestinian police commander, Major General Nasr Yousef, said Friday

Summer Time Ends

Most countries in Europe will put their clocks back an hour during the night of Saturday to Sunday, ending official summer time. Britain will revert to Greenwich Mean Time on Oct. 23, and daylight time in the United States and

Canada ends a week later.

"We are using an iron fist against ai those who pose a threat to our security, he said.

tunnels as escape routes to Egypt durin the six-year uprising against Israeli occu pation. Some tunnels stretched sever: hundred yards, from the center of Rafa across the border into Egypt.

Major Yousef said Egyptian official

Palestinian activists constructed th

were alerted to the discovery, and added "Our people don't need these tunnel

Book Review

Page :

Agence France-Presse

MUNICH — Bavaria's governing Christian Social
Union is expected to win the election Sunday for state

lawmakers, after riding out a series of scandals. The vote in Bavaria, Germany's wealthiest state, is being watched closely because it is the last major poll

before federal elections Oct. 16. Only last winter, political commentators were predicting that the unbroken 37-year reign of the conservative Christian Socialists — the Bavarian branch of Chancellor Helmut Kohl's Christian Democrats —

Several corruption scandals, and the death in 1988 of the party head, Franz Josef Strauss, unleashed internal battles that threatened party unity. Two key officials, including Premier Max Streibl, were forced to resign in less than a year, and the party slumped in

But the ride turned in June with the European elections. The Christian Socialists won nearly 50 percent, crushing the main opposition Social Democratic Party, which took 23.7 percent.

tute predicts a clear 52 percent Christian Socialist victory Sunday.

Premier Edmund Stoiber, whose party clean-up campaign is credited with restoring the Christian Socialists' image, says the success is due to Bavaria's

Several thousand supporters of the Christian Social-ists, the party of federal Finance Minister Theo Waigel, turned out bere Thursday for a final rally to bear Mr. Stoiber extol the region's assets.

"Of all Germany's states, Bavaria is the richest," he said, noting that its 6.8 percent unemployment rate is well below the 9.1 federal average.

In the countryside, the party benefits from active support of the influential Catholic clergy and draws on German symbols, holding rallies under traditional "beer tents" while folk orchestras play German tunes. Few there seemed bothered by party scandals.

Among critics of the Christian Socialists, Christian Magerl of the Green party said Bavaria was "run like

The latest opinion poll by the Basic Research Insti-te predicts a clear 52 percent Christian Socialist of the system and where many people feel a president unable to make a personal profit won't be able to do

anything for us either.' The Christian Socialist Party is the sole exclusively state party that plays a role in Bonn, as a partner in the

ruling coalidon. Bavaria's 8.7 million voters will choose from 15 parties Sunday.

In the 1990 state elections, the Christian Socialists won 127 seats in the assembly, the Social Democrats 58, the Greens 12 and the Free Democrats 7.

The Social Democrats are expected to win 29 percent Sunday. Another key party, the Free Democrats of Foreign Minister Klaus Kinkel, has only 3 percent support in polls, lower than the 5 percent needed to remain in the

state parliament The extreme-right Republicans, which failed to en-

ter the body in 1990, are expected to slip in this time. with 5 percent support in polls.

4 Charged With Arson At German Synagogue

Compiled by Our Staff From Dispatel BONN - Federal prosecutors said Friday that they had charged four youths with arson and attempted murder in the firebombing of a synagogue in the north German port city of Lübeck.

The attack, on March 25, marked the first time a Jewisb house of worship had been set on fire since the Nazi years. Five tenants asleep in apart-ments in the building escaped unhurt

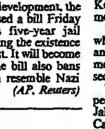
The four suspects carried out the attack "out of hate against foreigners and Jews," the Federal Prosecutor's Office in Karlsruhe said. It said the suspects, who were arrested May 2, were Stefan-Marcus Westphal, 25; Dirk Brusberg, 22; Niko Trapiel, 20, and Boris Holland-Monitz, 20.

All were charged Thursday with arson and five counts of attempted murder, the prosecutors said.

The young men, the prosecutors said, went to the synagogue on St. Annen Street at about 2:15 A.M. Two or three of the accused walked onto an open porch of the synagogue, emptied inflammable liquid from a bottle, and then threw a firebomb to the floor, the prose-

cutors said. Flames spread quickly, but the five tenants were unburt because neighbors beard glass breaking and woke them up, the

statement said. In a related development, the Bundestag passed a bill Friday that threatens five-year jail terms for denying the existence of the Holocaust. It will become law Dec. 1. The bill also bans signs that even resemble Nazi symbols.



Italy Seizes 6 in Graft Inquiry

MILAN - Italian magistrates investigating the fashion industry bave served arrest warrants on six people, judicial sources said Friday.

They said five of the suspects were tax inspectors and that stolen goods. three of them were had been in custody in connection with allegations of other kickback offenses. The other suspect is Luigi Monti, chairman of the clothing manufacturer Basile, which went into liquidation last

The moves follow recent questioning by an anti-graft magistrate, Antonio Di Pietro, of three too figures in Milan's fashion industry.

The three - Santo Versace, head of Gianni Versace fashion house and brother of the designer, the couturier Krizia and the jewelry designer Gianmaria Buccellati — have not been in-formed that they are under investigation.

man, Basile's former managing director, Nicola Di Luccio, was questioned by Mr. Di Pietro on Wednesday. His lawyer, Raf-faele Di Palma, said Mr. Di Luccio had told the magistrate he had been a "a victim of extortion" by a tax inspector, in return for a favorable audit.

■ Pension Reform Stalled Italian ministers failed Thursday to agree with trade unions on pension reform, casting a shadow over an important part of the 1995 budget a week before the deadline for presen-

reported from Rome. After what was characterized as a last-ditch meeting to resolve the issue, union leaders said they had agreed only to hold more talks Monday.

By law, Prime Minister Silvio Beriuscom's government must present the budget to Parlia-ment by the end of September.

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WORLD BRIEFS

U.S. Allows Sinn Fein Chief a 2d Visit

WASHINGTON (AP) - The Clinton administration on The day approved another visit by Gerry Adams, head of the Irish Republican Army's political arm, Sinn Fein, on the heels of tours by rival factions in Northern Ireland.

The approval came a day before Mr. Adams is to arrive in Boston, the State Department said. Mr. Adams last visited the United States in January, which required a landmark decision by President Bill Clinton to waive the ban on visas for anyone with links to terrorism. The same waiver was required this time but provoked less of a dispute because of peace initiatives and the IRA's declared cease-fire.

Mr. Adams's tour follows visits this week by four memb the Ulster Unionist party, a voice of the pro-British Professant voters, and John Hume, a leading Catholic politician. All met with politicians on Capitol Hill, and at the White House with Vice President Al Gore, Mr. Hume also met with Mr. Chinton.

Turkey Bombs Kurdish Stronghold

TUNCELI, Turkey (Reuters) - Turkish aircraft and troops mounted a major operation Friday to wrest the last remaining mountain stronghold from an estimated 3,000 separatist Kurdish guerrillas in the eastern province of Tunceli.

Planes began the second day of the campaign by bombing the

Munzur mountain chain and Kutuderesi ravine, a valley extending for nearly 40 kilometers (25 miles) and made almost inaccessible by surrounding forests. Helicopter gunships resumed sorties on Friday, hitting slopes and rock overhangs likely to conceal

About 5,000 mountain commandos have been arriving in recent days from nearby provinces and training camps, military officials

Nigeria Bars Trip by Nobel Laureate

LAGOS (AP) — The military government, clamping down on its critics, has seized the passport of the Nobel laureate Wole Soyinka, preventing him from traveling to a human rights confer-

Government radio said Mr. Soyinka, awarded the Nobel Prize for Literature in 1986, was stopped at Lagos airport on Thursday night as he tried to board a plane to Stockholm. Mr. Soyinka is an outspoken critic of General Sani Abacha's

military regime. The writer has brought a lawsuit, asking the Federal High Court to declare the administration illegal. The case opened Wednesday and was adjourned Thursday until next Tues-

2 Die as C-130 Crashes in Hong Kong HONG KONG (AP) - A chartered C-130 Hercules transport

carrying 12 crew members crashed into the sea Friday off Hong Kong's Kai Tak Airport, killing two and injuring six, the government said. Four crew members were still missing hours later.
The plane crashed in light rain while taking off from Kai Tak. which has one runway that juts into Hong Kong's harbor. Divers

and rescue workers were searching the plane, which was submerged in murky water, for the missing crew members. It was the second crash in less than a year at Kai Tak. The plane had earlier taken a group of Vietnamese "boat cople" back to their country. Operated by Pelita Air Service of

Jakarta, the Hercules was chartered by the British HeavyLift Cargo Airlines for the Hong Kong government. It had returned from Hanoi and was taking off for Jakarta when it crashed.

2 Papuan Lawmen Held as Looters

RABAUL, Papua New Guinea (Reuters) — Two Papua New Guinea police officers were arrested for looting on Friday, as authorities struggled to restore law and order in the almost deserted town of Rabaul — balf-buried in ash after five days of volcanic emptions.

Looters have been rilling through shops and homes since the town was evacuated early Monday after the emptions of the voicanoes Vulcan and Tavurvur, on either side of Rabaul. They continue to billow clouds of smoke. Up to 100 armed policemen were moved into the town in the

cast of New Britain island on Thursday, with orders to shoot looters who ignored warnings. But a source in the security forces said there was also concern about police looting. On Friday, the source said, two policemen were arrested with a van laden with

14 Killed in Pinatubo's Mudflows

BACOLOR, Philippines (Reuters) - Thousands of Filipinos fled their homes on Friday as steaming mudflows from Monnt Pinatubo volcano buried bundreds of houses and swept cars and trucks off highways, killing at least 14 people.

Hundreds of villagers were trapped on the roofs of their homes and awaiting rescue by army helicopters after swirling walls of mud crashed through [3 villages in Pampanga Province north of Manila, relief officials said.

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from Politics

Mudflows have been a constant threat during rainy weather ever since Pinatubo crupted in 1991, dumping millions of tons of asb and debris on the volcano's flanks. More than 800 people were killed after the 1991 eruption, one of the century's biggest volcanic

TRAVEL UPDATE

A fourth fashion business- New York City Invaded by Tourists

NEW YORK (NYT) - Helped by favorable exchange rates and a growing domestic economy, New York City drew more tourists this summer than in any of the previous six years. Not only did tourists visit attractions like the Statue of Liberty and the Empire State Building in increasing numbers, but many, particularly those from overseas, ventured to less likely destina-

tions, like Brooklyn and Harlem. This has been the best summer in recent memory," said a spokesman for the city's Convention and Visitors Bureau. "For starters, New York is now more affordable for foreign tourists, and we've gotten a lot of good coverage lately in travel trade magazines." The outlook for the rest of the year is also strong, he

Taiwan, where tourism is booming after visa regulations were eased, plans to further extend the period many foreigners may stay on the island without applying for visas. Last January, to counter a decrease in the number of tourists, Taiwan began

tation to Parliament, Reuters allowing citizens from 12 countries to visit the island for five days without applying for visas.

Tighter safety regulations for operators of air tours in Hawaii have been ordered by the federal government after 24 fatalities in the past three years.

The world's first commercial high-speed magnetic train was approved Friday by Germany's parliament. It will move passengers 260 kilometers, from Hamburg to Berlin, in under one hour. The government pledged \$3.3 billion to build the system, which will operate at 425 kilometers per hour, by the year 2004. (AP)

Trinidad & Tobar

900-19912 Switzerland(CC)

Serb Army Hits Back at **UN Force** In Bosnia

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — Bosnian Serbian forces have increased their attacks on United Nations peacekeepers since North Atlantic Treaty Organization warplanes destroyed a Serbian tank near Sarajevo, a UN spokesman said

Three NATO planes hit the T-55 tank on Thursday after a series of Serbian attacks on UN soldiers and vehicles.

The Bosnian Serbian army immediately threatened retaliation, "the time and place of which will be set in the future." General Ratko Mladic, the Bosnian Serbs' commander, added: "It is not just a matter of retaliating against NATO, it is also against those who ordered

the planes to take off." Tension remained high in the region as the United Nations Security Council moved toward the expected adoption of a resolution easing air travel and other bans against the rump Yugo-slav state as a reward for blocking supplies to the Bosnian Serbs.

At the same time, the 15member body was likely to tighten travel and economic restrictions on the Bosnian Serbs as punishment for rejecting an international peace plan.

A UN spokesman. Tim Spicer, said the Bosnian Serbs had followed up with more attacks, but he said the overall military situation was stable.

Direct targeting of UN personnel by Bosnian Serbian forces increased around Gorazde in the southeast and Bihac in the northwest. A mortar shell landed near a UN observation post near Bihac. When the post commander went to inspect the crater, be was slightly injured by another shell.

The air strike was the first in several weeks and followed growing frustration over the Serbs' flouting of the ban on heavy weapons within a 20-kilometer (12-mile) zone around

Sarajevo. The United Nations gave the Bosnian Serbs two days' notice of a possible attack and 30 minutes' warning before the planes' arrival "so there would be no human casualties." The tank was believed to have been un-

manned when it was hit. Although Russia, a member of the contact group that bas drawn up a peace plan for Bos-nia, has criticized NATO air intervention before, it backed

the latest attack. Foreign Minister Andrei V. Kozyrev said the UN force, which has Russian members, had to be defended with all pos-(Reuters, AP)

Lithuania Admits Crimes Against Jews of the Nazi-led liquidation of the Vilnius Vaiciekauskas, a prosecutor in Vilnius, By Stephen Kinzer

Two of the French UN peacekeepers, atop a tank in Sarajevo on Friday, who were attacked by Serbs while on patrol.

New York Times Service
VILNIUS, Lithuania — In the first public effort by a Lithuanian leader to atone for crimes that Lithuanians committed against Jews during World II. Prime Minister Adolfas Slezevicius appeared on national television to urge citizens to acknowledge and repent shameful aspects of their country's histo-

"During World War II, over 200,000 Lithuanian Jews were killed," Mr. Slezevicius said Thursday. "Despite the fact that this Holocaust was the realization of Nazi policies in our country, we should recognize that bundreds of Lithuanians ok direct part in this obliges us to repent and ask the Jewish people for forgiveness for the unjust suffering inflicted on our fellow Lithuanian

"I would also like to say that the government of Lithuania assumes responsibility for prosecuting those who participated in murder." he added.

Mr. Slezevicius also ordered that at all official buildings, black crepe signifying mourning be flown alongside the Lithuanian flag on Friday, the 51st anniversary

ghetto.
"The speech is a step forward, but it doesn't go far enough," Efraim Zuroff, who heads the Jerusalem office of the Simon Wiesenthal Center, said in a tele-phone interview. "In the first place, I don't accept their numbers. Thousands of Lithuanians were involved in the murder of Jews, not bundreds. And second. their pledge to go forward with prosecu-tions is a lot of baloney. We have seen no effort on their part to extradite Lithuanian war criminals from the United States and other countries and bring them back for trial."

This week, however, federal prosecutors in Boston asked a judge to revoke the citizenship of an 87-year-old Lithuanian immigrant, Aleksandras Lileikis, who they said had headed a secret police unit that handed over Jews to Nazis to be pnt to death from 1941 to 1944. The case,

officials said, relied beavily on archives recently made available by Lithuania. [Lithuanian officials said they probably would prosecute Mr. Lileikis if he were deported. The Associated Press reported. 4If his crimes are clear and he is deported to Lithuania, he will be tried and could be jailed," said Vidmantas

He would face a maximum life sentence in prison.]
Before World War 11, 240,000 Jews

lived here. Only about 15 percent survived the Holocaust.

Mr. Slezevicius, who said in an interview before his speech that his parents hid Jews in their home in World War II, plans to visit Israel next month. The speaker of the Israeli Parliament,

Shevach Weiss, met with Lithuanian leaders in Vilnius last month. In a telephone interview, he said be expected that demonstrators would protest against Mr. Slezevicius when he came to Israel, but

"I personally consider the new Lithua-nian prime minister to be a good man," Mr. Weiss said. "There are some people in Israel, especially those with Baltic heritage, who think of Lithuania as one big tragic, terrible and surrealistic cemetery of our nation. This is not an easy stereotype to change. But I believe this visit will belo to show that Lithuania recognizes the past and now understands the importance of opposing all forms of rac-ism and xenophobia."

ROSE: Bosnia Takes Its Toll on British General Commanding UN Forces

Continued from Page 1

Rose declared, "I want to restore electricity, collect the garbage, establish a postal service, open up routes out of the city."
The determined glint in his pale blue eyes suggested that a new era had dawned

Today, with garbage piling up, roads closed, and the memory of electricity fading again, the general is fond of repeating:

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sion of a revitalized Sarajevo

"I am totally refuting the allegation that the things promised have not happened," he said, "and I certainly don't like

UNIVERSITY DEGREE BACHELOR'S . WASTER'S . DOCTORATE For Work Life and Academic Experience Through Convenient Home Study (310) 471-0306 ect 23

"This is the Balkans, you and this was no more than a sharply this mouth with NATO Asked this week why his vi-

bad evaporated, General Rose could scarcely contain his rage.

the inference that we are not situation as complex as Bosnia,

Fac (310) 471-6456

troops here, that General Rose has apparently lost patience with the U.S. position. Officials said he had clashed eradons and security.

been a profound shift in his He arrived talking of sophis-

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passing low after a period in over plans to carry out air which Sarajevo life improved strikes against guns firing on markedly.

himself confronted once again rajevo. by the basic dilemma that has conformed international ef- flects what appears to have forts bere: Turn up military pressure on the Serbs and the position. tens of thousands of UN peace-

command in Bosnia become potential targets for reprisal. It is because the Clinton administration has chosen not to have American troops on the ground in Bosnia, and has repeatedly argued the most strongly for the NATO air General Smith might now be strikes that might endanger the British, French and other

the Bihac pocket in western In the current standoff with Bosnia. He also urged parience the Bosnian Serbs over their de. with respect to Serbian artillery cision to cut off utilities in Sara- still within the 12.5-mile weapjevo, General Rose has found ons exclusion zone around Sa-The general's new caution re-

keepers under the general's ticated electronic surveillance that would allow swift use of air stikes, but now says only patience can bring results.

"There's a feeling among some people that General Rose might have exhausted himself and that the cooler hand of beneficial," said one senior UN official. General Smith, 51, has followed the Bosnian situation closely in his current job as assistant chief of defense staff op-

making progress." Later, he argued more calmly that highs and lows were inevitable in a

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THE AMERICAS /

Republicans Act to Grab Initiative in Midterm Elections

By David E. Rosenbaum New York Times Service

WASHINGTON - Politicians in both parties remember well the last time there was a midterm election with a Democrat in the White House. It was promised tax cuts. The Democrats did not take them seriously.

The Republicans did not do so well that year, picking up only three seats in Tuesday. the Senate and 11 in the House. But Point N the tax cut idea took hold. Two years later, Ronald Reagan rode it into the White House. Republicans won the Senate and gained 33 seats in the

So this year, Republican strategists have harkened back to 1978 and have broken again with the custom that off- Instead, they launched a preemptive year elections are not national plebi- strike.

not football widows. ·

types are often contradictory.

testimony. ·an

Wanted: Ideal Jury

For Simpson Trial

By David Margolick

New York Times Service

NEW YORK - Men rather than women, black men if

possible. Older people rather than younger. Discerning rather than deferential. Shepherds rather than sheep, football buffs.

And though there are no longer any blank slates when it

comes to O. J. Simpson - "If you get people who don't know

anything about this case, they must be total idiots," the

defense lawyer Gerry Spence remarked — it's better that they get their news from Newsweek than The Star, a racy tabloid.

Among lawyers and jury consultants that is the consensus

prescription for Mr. Simpson's ideal juror, the type his legal

team should seek on Monday, when jury selection in the case involving the former football star is scheduled to begin.

Jury selection, experts agree, is perhaps the crucial phase of the case — matched, says Roy M. Black, a defense lawyer,

only by Mr. Simpson's eventual appearance on the stand.

"Everything else in the case is not even in the same universe," said Mr. Black, who successfully defended William

Kennedy Smith against rape charges in 1991. "You've got to put people on the jury who are willing to listen to what he has

But this case's rules of thumh on jury selection, while

widely shared, are not universally held. Jury selection remains

one of the last refuges of ethnic, racial and sexual stereotypes,

a process in which political correctness has no place. But in

deciding who will decide Mr. Simpson's fate, these stereo-

know bad marriages or abuse, may be more likely to empa-

thize with the slain mother of two children, but they could

also be more likely to fall in love with a dashing defendant.

clined to think that Mr. Simpson was set up by the police. But

they may be just as inclined to resent such assumptions, and

Law-and-order types may favor the prosecution, but they,

more than others, could be offended by what the defense has

characterized as bungling by the police. Younger jurors may be more conservative than middle aged jurors, more inclined to see Mr. Simpson as huckster and hack actor than hero, but

their minds are supple enough to attend to long, tedious

would more intelligent jurors, but too much scientific sophis-tication may make them easily dazzled by the DNA testing. In a sense, "jury selection" is a misnomer. It is more a matter of deselection, damage control, forensic triage. Each side may challenge an unlimited number of candidates as

being biased, but only 20 for any other reason or no reason at

all — so-called percumptory challenges.

"You're not selecting people but eliminating those you find offensive," said Gerry Goldstein, president of the National Association of Criminal Defense Lawyers. "What you get is

what'a left over, the people who don't tell you very much."

■ Judge Warns Media and Allows Prosecution Evidence

The judge in the case put the media on notice Friday about

inaccurate reports and allowed most of the evidence seized in

searches of Mr. Simpson's home, The Associated Press re-

Judge Lance Ito, on the final day of a pretrial hearing, ruled that the prosecution could use most of the evidence obtained

in a search of Mr. Simpson's home, including an apparent

farewell note from his former wife. The hearing started with

the judge singling out a Los Angeles TV station for what he called erroneous reports on DNA evidence. "I am contem-

plating terminating the media coverage in this case," he said.

• The U.S. Navy has canceled training and drills for thou-

sands of reservists for the rest of the month because the Naval

Reserve has run out of money. About 20,000 members of the

Naval Reserve who would have reported this weekend for

A New York City Council survey of 800 youths found that more than one-third of them have carried a gun at some point

and that one-sixth do so regularly. The random survey asked people aged 12 to 21 in 15 neighborhoods with a high

homicide rate and in 15 neighborhoods with a low rate. The

• An explosion of foreigners is rapidly changing the face of the United States, according to a report released by the Population Reference Bureau. It said an average of 3,000

• Two widely used food preservatives raised levels of a natural

cancer fighter in laboratory animals and appear to do the

same in humans, a researcher reported. Dr. Andrew Dannen-

berg of Cornell Medical College found that the preservatives

BHA and BHT "revved up" the gene for an enzyme that helps destroy carcinogens before they trigger tumors.

• Measles has been sharply on the rise in the United States

this year, due largely to an outbreak among Christian Scientists, who often shun modern medicine. The federal Centers

for Disease Control and Prevention in Atlanta reported 730

cases among adults in the first half of the year, more than

double the record-low total of 312 registered for all of 1993.

• In the first settlement of its kind, a Texas man who tested

positive for the AIDS virus will receive \$100,000 in damages

and penalties from a dentist who refused to continue to treat

Nearly half those afflicted were Christian Scientists.

him, the Justice Department said.

Education Directory

Away From Politics

training have been told not to appear.

results were virtually the same in both.

immigrants, legal and illegal, arrived each day.

bend over backwards to assert their independence.

Blacks may be more wary of law enforcement, more in-

Women, particularly white women, particularly those who

scites, but merely 435 separate elec-tions for the House and 35 or so for the Senate.

This week, 16 Republicans who are running for Democratic or open Senate seats presented a seven-point plan 1978. Republicans from coast to coast that they promised to implement if the Republicans win control of the Senate on Nov. 8. Republican candidates for the House plan to offer a similar list

> Point No. 1 on both lists is a constitutional amendment requiring a balanced budget. With seeming shamelessness, other points include tax cuts and more money for the military.

> Spending reductions are not specified. But unlike 1978, Democrats this year are not sitting on their hands.

made their announcement, top White gressional Campaign Committee, held House officials met with a couple of a news conference on the Republican dozen reporters and columnists to de- plans. They were nothing more, he nounce the Republican plans - which said, mixing metaphors, than "generalthey had not yet seen in any detail - ized cotton candy without a bottom as fiscally irresponsible.

A few hours later, the White House velt Room to hear the plans decried "Voodoo II." a reference to George Spratt Jr. of South Carolina. Bush's description of Mr. Reagan's economic proposals in the 1980 presidential primaries as "voodoo econom-

Representative Vic Fazio of Califor-

Before the Republican candidates nia, chairman of the Democratic Con-

Then, at the instructions of the invited a few reporters into the Roose Democratic leader, Representative Richard A. Gephardt of Missouri, seagain. Reaching for the kind of snappy nior Democrats on the Budget Comphrase that might be remembered by voters. Laura D'Andrea Tyson, chairman of the Council of Economic Adunt to the Economic Adunt to visers, called the Republican plans me," said Representative John M. up to. "It looks like Reagan redux to

> At this point, the plan offered by the Republican candidates for the Senate consists of only three pages; the House

time the Democrats swear they will not be caught by surprise.

"Unless we energize our people," said a Democratic strategist, "we'll be right back where we were in 1980."

With that in mind, Mr. Gephardt ordered a professional staff review of a proposal by Representative Richard K. Armey. Republican of Texas, 10 scrap the current income tax system. with its progressive rates and many deductions, and replace it with a flat tax of 17 percent on personal income and husiness profits.

The staff review was somewhat inconclusive but found that under one interpretation, Mr. Armey's sketchy proposal would reduce federal revenue by more than \$200 billion a year. Mr. Armey shrugged off such a calculation proposal only one paragraph. But this as the work of a partisan staff.

said it was singularly suited to

There were two cities. El Paso

and Juarez, adjacent to each

other hut separated by a clear

physical harrier, the Rio Gran-

de. Most of the illegal traffic

involved "commuters" - peo-

ple who crossed the river hy day

to shop, work, panhandle or

commit crimes in El Paso but

rarely penetrated more than a

few miles into the United

Mr. Reves and other Border

Patrol officials argued that the

same strategy would not work

in the rugged canyons and me-sas around San Diego, where

most of the traffic is at night

and involves long-distance trav-

elers on their way to Los Ange-

Nonetheless, the "deter-

rence" strategy embodied in the

El Paso operation soon became

the new gospel of border con-

trol as politicians in Washing-ton and California argued for

applying the same approach ev-

Mr. Wilson has even run

campaign television advertise-

ments demanding that Mr.

Clinton do for San Diego what

les and other U.S. cities.

States.

ervwhere.

that particular location.

* POLITICAL NOTES*

White House Puts Brake on Staff Shuffle

WASHINGTON - The White House on Friday announced a long-awaited resbuffling of staff that was intended to help shape President Bill Clinton's image as hold and decisive but has instead reinforced an impression of indecision and last-minute invention by the president and his team.

What was to have been a centerpiece of the plan - the installation of a new day-to-day White House spokesman was eliminated at the last minute Thursday night when Mr. Clinton rejected a proposal from his top deputy and decided to keep Dee Dee Myers as his press secretary for the time

After nearly three months of plotting by Leon E. Panetta, the White House chief of staff, Ms. Myers's immediate fate was decided only after an emotional meeting Thursday evening in which she told Mr. Clinton that she would resign if she were replaced, administration officials said Friday.

In a White House dominated by white men, the officials said they believed Mr. Clinton was unwilling to accept the imminent departure of one of his most loyal aides and the White House's most visible woman, Instead, in announcing the staff overhaul Friday afternoon, Mr. Panetta said that Ms. Myers would be given the rank and access accorded previous White House press secretaries but which she has been denied. "Both the president and I have full confidence in her ability

to handle that role," Mr. Panetta said. But after weeks of signals that she might be replaced - in recent days, Mr. Panetta raised with her the prospect that she might be given a lesser job as traveling press secretary administration officials said the decision to keep Ms. Myers on was made only after she told Mr. Panetta that she would

leave the job hy the end of the year.

Mike McCurry, the State Department spokesman, would Mike McCurry, the State Department special pressure then almost certainly replace her as White House press (NYT)

U.S. Begins Review of Cisneros Tapes

WASHINGTON - The Justice Department has begun an initial review of tape-recorded conversations between Housing Secretary Henry G. Cisneros and his former mistress about thousands of dollars in payments he made to her from 1990 to 1993, law enforcement officials said.

The review is the earliest stage of scrutiny under the Ethics in Government Act of 1978, the law that provides for the appointments of independent prosecutors.

At issue are 40 hours of audio tapes, recorded secretly by Linda Medlar, Mr. Cisneros's former girlfriend. In the taped discussions, the two talked about the payments and how Mr. Cisneros portraved them to federal investigators checking his hackground when he was appointed to head the Department of Housing and Urban Development. In an interview on Thursday, Mr. Cisneros said the Justice

Department was obliged to examine the tapes but expressed confidence that the review would put the matter to rest.
Under the law, Attorney General Janet Reno has 30 days to

complete an initial review of the matter. If she finds specific evidence of wrongdoing from a credible source, she must initiate a preliminary inquiry of up to 90 days. If she finds grounds for further investigation, she must ask a special panel of judges to name an independent prosecutor.

Quote/Unquote

Representative Mike Synar, Democrat of Oklahoma, wbose 16-year congressional career was detailed by a littleknown 71-year-old retiree, who says he spent only \$17,000 to win the primary election: "I suspect that if you tally up all the independent expenditures that poured into the state to defeat me. Virgil Cooper matched me dollar for dollar."

Border Unit Puts the Spotlight on Aliens

By Roberto Suro

Washington Post Service SAN DIEGO — Deep and dark, Smugglers Canyon long ago earned its name as a place for those who seek to enter the United States unseen. But now the Clinton administration has turned on the lights in an attempt to transform this 14-mile stretch of the border with Mexi-

When the sun drops into the Pacific, light panels atop long wooden poles begin to hum and brighten. They shine south to the head of the canyon where drug runners and illegal immi-grants have gathered nightly for decades.

Instead of sheltering dark-ness there is an artificial day bright enough to read hy. Just getting into the canyon

from Mexico requires scaling a 10-foot (3-meter) fence. U.S. Border Patrol agents, who a few years ago had no easy means to reach the canyon, now drive up newly bulldozed roads to watch, wait and then move into

Most of the effort so far has been aimed at dissuading Mexicans from crossing here illegally. But now, as the Clinton administration prepares another offensive against the illicit traffic, its greatest challenge lies on the U.S. side of the border.

With California politicians led by Governor Pete Wilson, a trol illegal immigration. Attor- the past year.

600 300 30 91 92 93 14 Source: U.S. Border Panol, San Diego Los Angeles CALIFORNIA San Diego • Tijuana

Policing the Border

Itlegal immigrants apprenended

near San Diego (thousands).

ney General Janet Reno announced last weekend that fresh resources would be poured into the San Diego border under a program called Operation Gatekeeper.

Mexico

Ocean

Starting Oct. 1, the administration will flood the area with hundreds of additional Border Patrol agents, a fleet of vehicles, new computer and communications networks, a new fingerprinting system and still more lights.

All of this adds to an effort begun by the Border Patrol in 1990 and significantly acceler-Republican, heaping abuse on 1990 and significantly acceler-Washington for failing to con-ated by the administration over

prolonged recession, its earthquakes, fires and riots, as well as Mexico's improved economy - already appears to have reduced illegal immigration here. Apprehensions in the San Diego sector are down 20 percent over the last two years. "This is the big one." said Gus De La Vina, chief of the Border Patrol's San Diego sec-"We are going all out to stop the bleeding at the busiest, most

The increased enforcement

- with help from California's

difficult part of the border, and time will tell how much we can accomplish." Given the level of anxiety

that illegal immigration bas aroused in California, the success or failure of the operation will likely affect President Bill Clinton's political fortunes in the nation's most populous Mounting a credible border-

enforcement program here is all the more difficult because expectations have been raised by experiences elsewhere. On Sept. 19, 1993, about 400

Border Patrol agents massed on the levees of the Rio Grande at El Paso, Texas. In what came to be known as "Operation Hold the Line," the

agents formed a highly visible. unbroken, 24-hour blockade, and illegal traffic across the river dropped dramatically.

From the start, the author of the plan, the El Paso Border Patrol chief, Silvestre Reyes, work."

he did for El Paso. "I wish this was El Paso, but

we have different problems here and we have been working on a strategy to solve them for several years," said Mr. De La Vina. "Now we are finally setting the manpower to see if it will

HIGHWAY: Seeking the Ramp Continued from Page 1 customers than its old-line on-

politicians and corporate executives describe. But few of them think it will materialize soon.

"I'm an optimist, and I think it will be eight or nine years before that is widely available in homes," said William H. Gates, chairman of the Micro-soft Corp. "On-line services and CD-ROM software will be the guiding light until the informauon highway is in place."

As a result, these two hridge technologies were the focus of discussion at a three-day conference. Drawing perbaps the most attention among representatives of the on-line services industry was Stephen Case, the president of America Online.

Based in Vienna, Virginia, the company bas the fastestgrowing major on-line computer service, baving attracted more than I million subscribers in only a few years, making it third in a market led by the older Prodigy and Compuserve.

The upstart America Online is the "hot" service, offering slicker graphics for its chat lines, forums and information services. And it has more young line competitors.

But as Mr. Case explained. "I feel like an Andy Warhol char-acter, with my 15 minutes of fame. For years I came to this conference and nobody knew who I was. Now, people finally recognize me and America Online, but I'm told my company is in danger of extinction." The threat comes from new

tools that make it easier for individuals to do their own trawling through the ocean of information on the Internet, a global computer weh connecting an estimated 20 million people worldwide. The commercial services, like

America Online, provide only limited access to the Internet. hut have been easier to use. But experts now say ibat new browsing" software, like an industry-standard tool called Mosaic, makes it easier for individuals to find their way around the Internet and reduces the need for commercial middlemen like America Online.

Mr. Case disagrees and compares America Online to a retail store in the information age. Others say Internet is still too difficult to use.

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To celebrate the opening of Japan Airlines' new direct flights from London to Osaka as of September 4th, and from Paris to Osaka from September 7th, JAL and the International Herald Tribune are offering the chance to win round-trip tickets to Osaka.

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Back to the Nuclear Talks

Progress in nuclear diplomacy between the United States and North Korea could accelerate now that talks are resuming, but not if South Korea's hard-liners get their way. Their shrill opposition to accommodation could complicate Washington's efforts to make a deal with Pyongyang. It

also could delay North-South talks. The hard-liners are playing on doubts about who is actually running North Koca following the death of Kim II Sung. They also are sowing doubts about how much bomb-making plutonium the North may have already produced. The best way to lay those doubts to rest is to keep negotiating and see whether the

North lives up to its commitments. The evidence suggests that Mr. Kim's son remains on the negotiating path laid out by his father. In talks with Washington last month, the North firmed up its pledge to freeze its nuclear program by agreeing to seal its reprocessing facilities and halt construction of two new reactors - reactors that could generate far more plutonium than the one it now has. In return, the United States promised to help build new

light-water reactors and to meet the North's electricity needs in the meantime. Spent fuel rods that the North removed from its one working reactor also remain under international inspection at Yongbyon, preventing extraction of four or five bombs' worth of plutonium. According to the International Atomic Energy Agency, the North bas kept its pledge not to reprocess spent fuel. It has also refrained from refueling the reactor. So long as the North does not reprocess or refuel, its nuclear ambitions can be kept in check and the dialogue can continue. Unfortunately, stopping the North from building bombs does not satisfy Seoul's hard-liners. They want to under-

mine North Korea's new regime. To that end, they never miss a chance to disparage the younger Kim's legitimacy and want America to put off diplomatic ties. Some of Seoul's top leaders seem sympathetic to the hard-liners' complaints. They would be wiser to recognize that coming to terms with Pyongyang is the only way to make the Korean Peninsula nuclear-free.

- THE NEW YORK TIMES.

NATO Awaits Leadership

NATO sometimes does important business in a strange way. Take the current deliberations on who should succeed Germany's Manfred Worner, who died last month, as secretary-general. A great issue stands before the Atlantic Alliance: whether and how to expand its membership to include qualified former states of the defunct Soviet bloc. An outsider might think that a candidate's views or leanings on this overarching question would figure in the selection process. An insider would know that the traditional style of international institutions takes into account general acceptability, conventional politicking and other considerations bearing more on consensus and control than on individual qualities. The partners are picking a hired hand, not a boss.

The leading NATO candidate is Willy Claes, the Belgian foreign minister and a Flemish socialist. Some proponents of a continuing leading American role in the alliance — and of an expeditious march to take in Poland, Hungary, the Czecb Republic and Slovakia — ask quietly whether be is sufficiently "Atlanticist" in the one case and sufficiently expansionminded in the other. Others pronounce

him sound and reliable, although not exactly "forward-leaning," on matters of interest to the United States. He enjoys

polite official American support.

Part of the reality here is that the United States has not really made a commitment to the transformation - not just of membership but of purpose, identity and strate-gy — that expansion would entail. Despite some positive rhetoric from the president and vice president, the gears of government are not grinding very fast to make it happen. The Parmership for Peace that the aton administration has offered other states serves as much to buy time, which has its uses, as to ensure expansion. The Pentagon and some diplomats have their doubts about change. At the State Department, a proposed interagency "NATO Expansion Group" became the noncommit-

tal European Security Group.
We are among those who believe NATO should be carefully but deliberately expanded, not as an anti-Soviet alliance but as a zone of stability for European and Atlantic democracies. The lead falls not to NATO's top bureaucrat in Brussels but to its principal member in Washington.

- THE WASHINGTON POST.

Wake-Up Call for the CIA

The CIA director, R. James Woolsey, was on the Hill this past week to answer questions about allegations of sex discrimination and harassment at the agency's Langley headquarters and at its overseas stations. Like other federal agencies and innumerable private industries, the CIA has been forced to come to grips bias that have now become the target of female employees. Mr. Woolsey set the right tone by declaring that the CIA cannot "function as a fraternity, much less a white male one." Three separate matters illustrate the scope of his problems.

First, the complaint in a sex discrimination lawsuit filed in July by a female operations officer known as Jane Doe Thompson was kept under wraps by the agency for two months. The plaintiff, a former station chief in Jamaica, had an admirable 23-year career in the CIA and was rewarded by positive personnel ratings, steady promotions and high posi-tions. She alleges that all that changed after she reported a male subordinate for wife-beating and alcoholism. He retaliated, she says, by accusing her of excessive drinking and of sexually provocative behavior in that she sometimes wore "brief shorts and thin tee shirts" in her own home. An inspector-general's report described this behavior as causing some men to believe "she might make a pass." Although numerous co-workers and early

supervisors have defended the 52-yearold officer and praised ber performance and personal behavior, ber career has come to a dead end. She claims a male officer would never have been investigated for charges of this kind.

Then, in connection with this suit, the plaintiff bas revealed details of a previously classified study of discrimination in the agency. Two years ago, the so-called Glass Ceiling Report revealed that half the white female case officers in the operations directorate reported experiencing harassment, as did a similar proportion of black respondents. An agency spokesman says that the study was being taken very seriously, and that action was underway to remedy the situation.

Finally, the "Thompson" case and the study have prompted more than 100 female case officers to consider filing a class action sex discrimination snit against the CIA asking for retroactive promotions and back pay. The agency has agreed to explore a settlement, and court action has been postponed during

negotiations, which are now in progress. Mr. Woolsey appears to be moving in the right direction, which cannot be easy in an agency accustomed to secrecy and averse to public challenge. But employees subject to discrimination by even the most protected institutions have rights that must be vindicated.

-THE WASHINGTON POST.

Power and Diplomacy: America's Democracy Defense

WASHINGTON — To many Americans, the Cold War divisions have given way to a confusing tangle of problems that prevent the United States from setting clearly defined goals for its foreign policy. These problems include aggression by regional bullies, transnational dangers like overpopulation and refugees. a global economic and information freefor-all that produces fear and uncertainty, and terrible ethnic conflicts.

But beneath the surface is an enduring truth about this new world. The same idea attacked by fascism and communism remains under attack today. Now, as then. America is defending an idea that comes under many names — democracy, liberty, civility, pluralism — hut has a constant face. It is the face of the tolerant society, in which leaders and governments exist not to use or abuse people but to provide them with freedom and opportunity.

We are at the start of a new stage in this old struggle. This is not a clash of civilizations. Rather, it is a contest that pits nations and individuals guided by openness. responsive government and moderation against those animated by isolation, repression and extremism. The enemies of the tolerant society are not some nameless. faceless force. They are extreme nationalists and tribalists, terrorists, organized criminals, coup plotters, rogue states and all those who would return newly free societies to the intolerant ways of the past.

For all its dangers, this new world presents immense opportunities to reshape and create international structures that are adapted to post-Cold War realities and designed to consolidate the victory of democracy and open markets.

By W. Anthony Lake The writer is President Bill Clinton's national security adviser.

The United States is not starry-eved about the prospects for spreading democracy, but it knows that to do so serves its interests. Democracies create free markets that offer economic opportunity, and they make for reliable trading partners. They tend not to abuse their citizens'

rights or wage war on one another. The administration has made a good start at building security and economic institutions designed to create the conditions in which democracy can flourish. In Europe, it is deeply engaged in transforming NATO to fulfill President Bill Clinton's vision of an integrated comment by establishing Combined Joint Task Forces for peacekeeping and crisis management and the Partnership for Peace to begin

expanding security in Europe eastward.

The new global economy requires that we design structures that produce tangible benefits for American citizens and turn their fears into hope. That is why the president went to the mas for the North American Free Trade Agreement, which has dramatically accelerated the exchange of goods and ideas between the United States, Mexico and Canada.

That is why he has taken the lead in setting a pro-trade agenda in the fast-growing Asian-Pacific economies. And that is why the successful completion of the GATT world trade talks was so important: It promises to make a real difference in real lives by creating jobs and raising wages.

The challenges America faces also demand the patient application of diplomacy and the measured exercise of power. We use diplomacy to pursue peace. But peace is not just an end in itself. It also creates conditions necessary for democratic values to thrive. Thus, when the United States fosters peace in the Middle East, Northern Ireland and South Africa, it is promoting the tolerant society as well.

Effective diplomacy depends not only on the skill of America's diplomats but also on power. Nothing better demonstrates this roposition than the U.S. approach to Haiil. There, the United States has relied on diplomacy backed by power — the threat of the use of force. The regime agreed to step down because of the credible and imminent prospect of a U.S.-led invasion. As a result, we are accomplishing a goal that this administration - and its predecessor - have pursued for three years: the rectoration of democratic government.

The progress we have made in Bosnia came when power was tied to diplomacy. The Sarajevo ultimatum succeeded because the threat of NATO air power was judged real. The ultimatum also sparked the agreement on a federation between the Croatians and Muslims. And it was the threat of further action by NATO, combined with our sanctions, that led Serbia to close its border with the Bosnian Serbs when they rejected the recent peace plan. Now, we are firmly committed to increasing the pressure on the Bosnian Serbs to accept the plan, partly by enforcement of the ban on heavy weapons around Sarajevo and Gorazde.

It cannot and must not be the responsibility of the international community or the United States finally to resolve all

deeply rooted conflicts. But where practical, we can save lives, as in Rwands and Somalia, and we can offer conflicting societies a breathing space in which to sort out their own affairs. Whether or not they do so must be their own responsibility.

These explosions in states are also exacerbated by transnational problems -refugees; population growth; an endangered environment; a nefarious nexus of crime, terrorism and the weapons of mass destruction - whose dimensions have been clearly exposed by the end of the cold war and whose challenge we must meet.

We must also contend with regional" rogue states like Iran, Iraq and Libya. which seek to traffic in the weapons of mass destruction, support terrorism and are dedicated to the destruction of the tolerant society. For that reason, President Clinton will maintain and modernize the finest military in the world so that the United States can deter aggression - and counter it when the need arises. We have also developed a strategy of dual containment of Iraq and Iran.

And we will uphold our commitment to South Korea even as we negotiate a solu-tion to the nuclear issue with the North-Because we must fight on so many fronts at once, we will make progress only over time, in small victories, through persistence and pragmatism. These are not evidence of indecision. They are the hallmarks of determination, of a nation engaged in the long struggle for democracy and the freedom and tolerance it brings:

This column was adapted by The New York Times from Mr. Lake's remarks to the Council on Foreign Relations on Sept. 12.

This Overly Ambitious Doctrine Can Only Exhaust the United States

WASHINGTON — The inter-vention in Haiti is most disturbing for what it says about the administration's post-Cold War strategy as defined by Anthony Lake, President Bill Clinton's na-

tional security adviser.
To Mr. Lake, America is involved in an extension of the struggle for democracy and against authoritarianism that began with World War II and continued in the Cold War. As in those conflicts, the struggle is Manichean; the forces of evil (rogue states, terrorists, tribalists) against the forces of good (democracies, tolerant societies).

From this perspective. Mr. Lake argues that the world no longer appears chaotic and incomprehensible - that America's enemies are easily identifiable. The threat is still authoritarianism; the goal is still promoting democracy.

Stated this way, America's goal remains the one that the Truman Doctrine established at the beginning of the Cold War. That doctrine provided the rationale for interventions all over the globe in defense of freedom.

Mr. Lake argues that the United States must be selective in its interventions, and the president says America cannot be the world's policeman. But a policy based on principle risks either ever-widenmg commitments or double standards and growing cynicism.

When America's commitments are challenged, the willingness to carry them out becomes a test of presidential and national credibility. Thus, Mr. Lake sees Haiti as a test of the U.S. commitment to the defense of democracy, and views the demonstration of U.S. resolve to reinstate democracy there as having broad international implications.

Viewing the world through such wide lens tends to create a sense that the fates of related nations are connected — that a country that goes authoritarian" will destabilize nations that are geographically or politically related, and domi-noes will fall. Despite constant

BRASILIA — If Britain, according to Foreign Secretary

fairs, then Brazil must be as-

sumed to punch far below its weight in the world. Thus the

strong reservations of the bemi-

sphere's No. 2 country (by size

of economy and population) about the No. 1's attempted sal-

vation of Haiti have gone little

noticed, except perhaps by the many Latin countries (with the

notable exception of Argentina)

that share Brazil's public misgiv-ings about the U.S. action.

That Brazil is not a critical fac-

tor even in major bemispheric

By Robert H. Johnson fears of dominoes throughout the Cold War, there was never a case that clearly demonstrated the va-

lidity of the domino theory. The fundamental problem with basing foreign policy on the defense of democracy through intervention is that the U.S. government lacks the means - and will lack the domestic political support - to carry out such a policy. When other countries lack the political and cultural roots of democracy, it is impossible for outsiders to create them.

Somalia provided an early post-Cold War lesson in the difficulties of using U.S. power to produce political change in a society that America understands imperfectly and can barely influence. The goal of nation-building, which came to symbolize American bubris in Vietnam, was unexpectedly revived during the Clinton phase of U.S. involvement in Somalia. Fortunately, its impracticality was quickly recognized. But the problem of political change is

even more daunting in Haiti. The lack of public support for intervention in Haiti and the strong reaction to the relatively limited U.S. casualties in Somalia suggest that Americans are now unlikely to pay a substantial price on behalf of vague causes like world order or democracy.

The incoherence of the administration's foreign policy arises

partly from its tendency to take broad stances based on principles, like the support of democracy against authoritarianism, that often conflict with political reality.

The administration has tended to hype threats, implying that if the United States does not take decisive action, U.S. or global security will be at risk. But when it has faced the implications of its statements, it has pulled back. Sec-retary of Defense William Perry called the North Korean nuclear program a threat to the "entire world" and Mr. Clinton implied the possibility of a preemptive attack. But the administration ulti-

mately decided to negotiate. While the United States must remain active in the world, it needs

to undertake a much less ambi-

tious foreign policy agenda. If it seeks to lead a movement for a world order based on democracy, it will exhaust itself in the effort.

Its foreign policy will become ever more incoherent as domestic: and international constraints limit its capacity to achieve its rhetori-cal goals. And its domestic pointes will be roiled by the clamor over its foreign policy failures, diverting its leaders from more essential tasks at home and abroad.

The writer is a fellow at the National Planning Association, a research organization specializing in economic and social issues, and in economic and social issues, and author of "Improbable Dangers: U.S. Conceptions of Threat on the Cold War and After." He contributed this to The New York Times.

For Haitians, a Chance to Bring Tyranny to an End

NEW YORK — The lives of four men, two American and two Haitian, came together briefly in Port-au-Prince, but long enough to show the world the truths about Haiti, its military rulers and the one special nightmare of those who live under tyranny.

None of the four intended to reveal those truths, or even speak them. The Americans, former President Jimmy Carter and General Colin Powell, were doing the opposite. They were so intent on agreement with the Haitian generals that they spoke a terrible falsebood. They called these generals men of bonor. Those words were a slap in the face to President Bill Clinton, who had called the generals

murderers, and they mocked the goals of U.S. forces gathered offshore to oust them. But what sticks in the gullet of history is that the words are a blasphemous insult to the thousands of Haitians shot or butchered by the army, the police and the killer squads that

kept the generals in power.
"Men of bonor." It is like saying that about German SS officers or the Soviet generals who served the KGB. The only difference is in the number of executions and mutilations. What does it tell us about Mr. Carter or General Powell? What is their definition of honor that it encompasses men who com-

manded killers and torturers? Lieutenant General Raoul Cédras took these compliments and the invitation to hang around in office for another month as the perfect

By A. M. Rosenthal

moment to show Haitians that he intended to be a power long after the month was up. And

he did it, as usual — with police clubs.

Then the second Haitian set up a little pile of coconuts for sale in the street. People of the city gathered, to cheer arriving American troops. The Cedras police arrived, to give them the Cédras lesson. The only difference this time was that the American press was there. On TV, you could hear the thunks on skulls. The next day, the coconut man was on the front pages of the world's newspapers, sprawled dead in the gutter, killed just for being there.

Mr. Clinton has made serious mistakes about Haiti. He did not prepare the American public for the invasion by spelling out the reasons, early and often. At the very end, he turned over the crisis to a mission he could not control. The negotiating team permitted the generals to do what the Clinton administration had said would not happen: not only the extra month but the freedom to decide whether they will remain in Haiti or leave. General Cedras cleared that up fast. He

said he would remain. The purpose of his life will be to return to power. Mr. Clinton was not elected to turn over his negotiating power in time of crisis to men

who not only were outside his political con-

trol but also were so obviously contemptuous

of him and his aims. So it is his direct responsibility to make some that the thugs of the honorable generals are disarmed or kept in barracks. And it is his responsibility to force the generals to use their month's grace to begin getting out of office, instead of to prepare for their next grab at power.

Because of the startling giveaways of the negotiators, the president is getting a lot of criticism from Americans who supported invasion. But this cannot be taken ever from the president: It is only because of his decision to apply military power that Americans and the rest of the world can no longer deny knowl-

edge of the Haitian reality.
We know, because we have now seen ourselves, that Haitians could not gather together in the streets without facing beatings or death. We know that neither the presence of the U.S. press nor of U.S. armed forces persuaded or shamed the police into sparing a single skull. Without the intervention ordered by Mr. Clinton, Haiti would have continued, for decades longer, a country where terror was the instrument of rule, where the forces of law existed to commit crime, where police could kill a coconut man, stand over his corpse as ...

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long as they pleased, and then just walk away. L' With intervention, Haitians have a chance to escape the particular dread that everlastingly grips people who have known only dictatorships: how fearful is the past that awaits us. The New York Times.

A Confident Brazil Practices Hard for a Role on the World Stage

Other Comment

Haiti: A Temporary Victory

The stand-down by the generals in Haiti may have saved everybody a bagful of trouble. For the Haitians, civilian deaths and possible decimation of the small army have been averted. For President Bill Clinton, this deflects what might have been a blow to his political fortunes and a ruin-ous national debate about the use of excessive force on a weak nation.

The imponderable about the Haitian operation has always been that removing one set of problems (one of electoral legitimacy) will spawn another, that of chaos and violence being recycled be-cause the governing institutions and wretched economic conditions have not been stabilized. Caught in the middle will

be U.S. troops and paramilitary forces from other countries acting on UN orders. The unspoken fear is that the tri-umph of last Sunday, when the generals gave in without a shot being fired, could

yet rebound on Mr. Clinton. - The Straits Times (Singapore).

What seems more interesting in the way the Clinton administration managed this latest dispute was its emphasis on "direct national U.S. interest" in overthrowing Haiti's military rulers, giving up the principles and slogans of spreading democracy and human rights. The administration was not ready to accept any disturbances or uncontrolled developments in its own backyard.

-Al Ahram (Cairo).



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politics may not be surprising. Many years of economic problems and potitical mayhem, an apparent lack of interest in the outside world, notably modest contributions to UN peacekeeping efforts, and the comfort of being a large country neither threatened nor threatening have been cause and demonstration of

a singular lack of assertiveness. As for Haiti, Brazilian concems about where the situation leads and what it means for principles of noninterference are tempered by a commitment to the primacy of democratic over military rule and by acceptance that U.S. intent is benign. Nor does Brazil want, at a time when economic reform is its main priority,

to irritate Washington. Yet there are clear indications that Brazil is emerging from its shell in both the diplomatic and economic spheres and that by the time the next Haiti-style crisis crupts in the hemisphere BraBy Philip Bowring

Douglas Hurd, "punches above its weight" in international afmore punch than they do today. or a secretariat provides an inter-There are several reasons for expecting a larger Brazilian role. In no particular order: While the question of enlarging the permanent membership of the UN Security Council is not making much headway at present, among developing countries Brazil has the strongest claim after India. If both

Brazil's views may soon carry vastly more punch that they do today.

Japan and Germany were to join, it seems likely that two non-OECD countries would have to join as well. Given current concerns with nuclear proliferation, Brazil's rejection of the nuclear option ought to strengthen its case.
The nuclear question, however. may be less important than the economic one. As China has

shown, economic success can quickly turn clown or pariah into political force. Brazil still has a way to go to get back on the path of respect for growth with stability. But the omens are better now than they have been in 20 years. Linked to the optimism is the remarkable progress of Mercosur,

a common market pact among Brazil, Argentina, Uruguay and Paraguay that has moved from idea, to free trade area, to a common external tariff (starting Jan. 1, 1995) in just four years. The tariff has many imperfections and exceptions, but the speed of its adopsilia's views may carry vastly tion without long-range planning

esting contrast to the bureaucratic ways of Brussels and to ASEAN, whose rhetoric on free trade runs far ahead of progress. Mercosur's success is reflected in a trebling of trade in four years and in the growing number of private invest-

ment decisions now based on it.

Argentina deserves at least as much credit as Brazil for Merco-sur's success. But Brazil is the dominant force in the group, which also is providing a focus for its Latin neighbors. In particular, Chile is clearly taking note both of Mercosur's progress and the problems that confront its moves toward NAFTA. Both Mercosur and NAFTA liberalize trade and are not incompatible. Indeed, U.S. exports are already benefiting from the existence of Mercosur as well as from the import liberalization being pursued by

the four member nations. As for Brazil, its role in world trade, which until recently was derisory, is growing fast. It has almost equal dependence on the United States, the European Union and Latin America. Apart from fellow Latins, Bra-

zil's nearest neighbors are in Africa. Rio de Janeiro is closer to Lagos than to Miami. Given the state

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of Africa, proximity may not seem much of a recommendation. But links with the new South Africa are growing fast, and Brazil has played a key role in the formation of the South Atlantic Peace and Cooperation Zone involving Latin and African littoral states on issues ranging from the environ-ment and fishing to the establishment of a nuclear-free zone. It is very modest so far but is a pointer to the future in this part of the world where Brazil is by far the largest regional power.

As yet Brazil remains a tentative and reluctant player on the international stage. But in Fernando Henrique Cardoso, leader in the current election campaign, it is likely to get its first president in many years who cares much about the outside world. A former foreign minister and a onetime exile in Europe and the United States from the military regime, Mr. Cardoso is not going to force attention by beating nationalist drums. But he is sure to want to see Brazil play a more active role, reflecting its size and the new self-confidence and cohesion of Latin America in general. International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Parisian Garbage

PARIS - The contents of the dustbins of Paris, the accumulation of which has long been a source of trouble to the civil authorities, are henceforth to be burnt as soon as collected. The Municipal Council is about to crect a great furnace in the Javel quarter. The expense of clearing the city daily of its refuse costs nearly two million francs a year.

1919: Visions of Peace

NEW YORK - Speaking of the spirit of unrest and rebellion in Europe and Asia, President Wilson declared that the world not only wished for peace, but was determined to have it. America had it now in her power to assure such a peace to the world. Mr. Wilson said that certain organizations had been created in Ameri"to destroy all systems of govern-ment." He added: "It is of the utmost importance for America that tranquility shall be re-established and that an end shall be

1944: Renault Arrested PARIS - [From our New York

made to the spirit of revolt."

edition:] Louis Renault, one of ; the leading automobile manufact turers in France, was arrested late last night and today [Sept. 24] was interned in the Fresnes prison near Paris on charges of having aided the Germans during the occupation. The Renault plant was attacked several times by British and American bombing planes, but de spite the tremendous damage done in those raids it is estimated that between June 1940 and the end of 1943 Renault collected 6,150,000,000 francs for trucks and other vehicles and war mateca having for their avowed object rial turned out for the Germans.

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liness and unfinished gestures.



A Haitian hauling a cartload of charcoal being passed by a U.S. military vehicle with machine guns in Port-au-Prince.

A new Los Angeles Times

poll said that a majority, or 53

percent, of Americans disap-

proved of the Clinton decision

to send troops to the island

while 43 percent approved it, with 4 percent undecided.

In Haiu itself. U.S. troops

beginning their first foot pa-

trols through Haiti's second-largest city on Friday encoun-

tered a hand that serenaded

them but also a few taunts and

rocks. Marines said.

U.S. Ships Some Haiti Refugees Home

WASHINGTON - President Bill Clinton said Friday gees offered to go home. U.S. that the United States was sending some Haitian refugees home and increasing food aid to the island state as his adminis-

country. U.S. officials also said De-fense Secretary William J. Perry and General John M. Shalikashvili, the chairman of the Joint Chiefs of Staff, would visit Haiti on Saturday to meet with U.S. forces there. Mr. Clinton continued to try

to cast the U.S. occupation in the hrightest possible light as a new poll indicated a majority of Americans disliked his decision to send troops to Haiti.

The president told a bill-signing ceremony at the Agriculture Department that Haiti had calmed to a degree that allowed the United States to return some refugees who fled hefore the junta agreed last weekend to step down by Oct. 15.

He said the first shipload of Haitians, numbering 200 to 300, would return from Guan-tánamo on Monday. We ex-pect more will return next

national Development is in-creasing the food program so Mr. Carter. Mr. Aristide urged Senate that we will be supplying, in-stead of 1 million, 1.3 million meals a day," he added. He said the first shipment of meals would start Monday.

pending transport to havens House of Representatives next elsewhere. But after the junta week. week. agreed to step down, some refu-

officials said. Mr. Clinton said there were now 14,000 U.S. troops in Haitration kept pressing Haiti's ti. He also said that some troops military rulers to leave the that entered Haiti in the first that entered Haiti in the first stages of the U.S. occupation earlier this week were returning home and being replaced by other units.

Defense officials said Mr. Perry and General John M. Shalikashvili would fly to Portau-Prince early Saturday to meet with senior U.S. military officers and troops in Haiti and return that night.

Secretary of State Warren M. Christopher, meanwhile, kept up the pressure on Haiti's military rulers to leave the country after they step down from office, despite their insistence on

Mr. Christopher told NBC-TV that U.S. officials still hoped Lieutenant General Raoul Cedras and the other Haitian military leaders would want to leave the country after

stepping down by Oct. 15. General Cédras has said he will not leave the country and week," Mr. Clinton said. that such a possibility was not "The U.S. Agency for Inter-discussed in Degotiations with

leaders of Friday to keep U.S. troops in Haiti until stability is restored. But the lawmakers warned of an impending vote to limit the occupation. Legisla-Many of the refugees who set tion setting a specific deadline sail for the United States had for the pullout of U.S. forces been housed at Guantánamo from Haiti is to be sent to the

BOOKS

OPEN SECRETS By Alice Munro. 294 pages. \$23. Alfred A. Knopf.

Reviewed by Michiko Kakutani

I N "A Real Life," one of the strongest tales in this sparkling new collection hy Alice Munro, we are introduced to a woman named Dorrie, a woman whose life in the Ontario countryside seems completely set, frozen in ritual and routine.

For years, Dorrie has led a frugal, marginal existence, trap-ping muskrats for fur, collecting walnuts to mark the change of seasons. This is the life she led with her hrother, and the life she has led since his death.

Then, unexpectedly, everything changes: a visitor from Australia is charmed by Dorrie's eccentricity; the two begin to correspond; he proposes and after a small crisis of confidence, she marries him and moves to his plantation in

Queensland. Such abrupt changes prolifcrate freely in these stories. A piano tuner named Mr. Siddicup falls ill and deteriorates from a decent old man into a morose and rather disgusting

old urchin, in a matter of months" ("Open Secrets"). Given Munro's consummate control of her craft, these often startling developments never come across as mere plot twists or gratuitous displays.

Rather, they feel like wholly organic developments in her characters' lives. In fact, in Munro's skilled hands, the "swift decision" and "the unforeseen intervention" become metaphors for the unpredictability of life, the incalculable

imagination of fate. Unlike such recent Munro collections as "Friend of My Youth" and "The Progress of Love," most of the stories in this volume are set in one place - the Ontario village of Carstairs - and they take place over a century. Although a few characters recur, the stories are not really interlinked; they come together tangentially to give the reader a sense of a world, a world of waiting, lone-

Because many of the tales are set in the distant past, because many of them include stories within stories, the volume as a whole feels somewhat more detached than earlier Munro collections, which tended to focus more insistently and more directly on contemporary lives.

The author's generous gifts of sympathy and insight, however, remain undiminished, and she uses those gifts in these pages to create slim, quick-paced narratives that magically unfurl into dense, novel-like examinations of people's entire lives.

More often than not, love or its relative, passion - is the motor, propelling the characters into or out of relationships. And in charting what she once called "the progress of love." Munro repeatedly delineates the contradictory pulls of inde-pendence and domesticity.

In "The Jack Randa Hotel," a woman follows her errant husband to Australia, dons a disguise and tries to manipulate him back into a relationship.

And in "An Albanian Virgin," a woman leaves both her husband and her lover, and tries to start a new, solitary life far from home.

This last story is framed by another tale (told by one of the story's main characters and completed by its narrator) about a woman kidnapped in the Albanian hinterlands and betrothed against her will.

Munro uses this device to underscore both the subjective nature of storytelling and people's compulsion to use the art of storytelling to make seose of their lives and to make parrative order out of confusion. As this collection demoostrates, it's an art that she has mastered herself with virtuosie skill.

Michiko Kakutani is on the staff of The New York Times.

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Christopher-Lake Struggle Heats Up

By Elaine Sciolino

WASHINGTON - The Carter mission to Hain has fueled a struggle between two longtime colleagues, as the national security adviser, W. Anthony Lake, and Secretary of State Warren M. Christopher compete for dominance over foreign policy. pete for dominance over foreign policy.

Mr. Christopher's critics inside the White House say he has failed, most recently with the Haiti crisis, to project an image as a strong secretary of state. With the exception of the Middle East, they say, he has essentially eeded policy portfolios to subordinates or other government agen-

Mr. Christopher was at home last week when President Bill Clinton addressed the nation and decided to make unscheduled calls to former President Jimmy Carter. retired General Colin L. Powell, and Senator Sam Nunn to discuss a possible mission to Haiti that Mr. Christopher initially

It has not helped Mr. Christopher that Mr. Clinton has openly criticized him in high-level meetings and failed to rally publiely to his defense when he has come under attack, these officials add.

Critics of Mr. Lake inside the State Department assert that he has increasingly sought to elbow aside Mr. Christopher by doing more policy-making from the White House and sniping at him behind his back.

As the president's personal liaison with the rest of the government on national security issues, Mr. Lake has complained to U.S. ambassadors that the State Department is incapable of producing good poliey papers, senior officials said.

He has told colleagues of bureaucratie paralysis inside the State Department that has forced his operation to seize control of policies toward Rwanda and Northern Ire-

In senior-level meetings, Mr. Lake has stunned even bureaucratically savvy col-leagues by interrupting Mr. Christopher and cutting him short.

it was resuming publication. The weekly Liberte was Haiti's Aides to both men deny that there is a rift, saying that the two have never gotten most influential newspaper and along better, a view echoed by Mr. Lake one of the loudest voices of the himself, "Chris and I speak a lot and we nation's poor when it shut have never been on better terms and we down earlier this month amid death threats. fReuters, AP) Mr. Christopher and his top aides have

decided to respond to the criticism either with a studied silence or explanations that all the important polices — Russia, Europe, NATO expansion, Bosnia and North Korea - are run out of the State Depart-

Officials insist that Mr. Christopher is in the policy loop and that any meetings he did not attend are ooes he chose not to. They also say that because Mr. Christopher is so confident of his relationship with the president, he feels comfortable delegating authority to trusted subordinates.

Mr. Lake, officials say, has some "special projects" that he is interested in - like Africa and Northern Ireland - and they praise him for taking the lead on those

But political analysis note that the dismissal of Les Aspin as secretary of defense began with an almost-identical scenario: the White House dropping hints that he was not up to the joh and Mr. Aspin and his aides saying that all was well.

While it is difficult to divine whether the talk by officials about their superiors is true or not, it is certain that they are indeed

In one sense, the unseemly struggle between the two men - or at least their subordinates — is surprising, since both of them were seared by the infighting during the Carter administration between their boss, Secretary of State Cyrus R. Vance, and the national security adviser. Zbig-

niew Brzezinski. Although Mr. Clinton said last May that he had rejected recommendations that he shake up his foreign policy team, the con-ventional wisdom in both the White House and State Department is that one of the two men will be sacrificed.

For his part. Mr. Christopher is tired of the relentless questions about his political future. During an interview with NBC News earlier this month. Tim Russert asked him about persistent rumors that he will leave by the end of the year,

Mr. Christopher coldly said. "You know. Tim, the last two times that I've been on this program with you, you've asked the same question. And I'm still here and you're sull here. I appreciate your concern about me, but I'm not self-abhave been friends for a long time," he said. sorbed with my future and I don't think you should be, either,

In recent days the struggle for political survival has burst into the open over lia:: White House officials insist that M Christopher was strongly opposed to the Carter mission, arguing that it would it. impossible to control such a high-leve

"Christopher was against it, Tony w... for it," said one official, "lt's as simple ... that." State Department officials insist juas strongly that Mr. Christopher supp. :1

Asked at the State Department bricking Tuesday about a news report that Mr Christopher had "deep reservationabout the decision, the department spok. man, Mike McCurry, said categorica. "It is not true."

At a minimum, the way the mission w. .. put together illustrates the extent to which Mr. Christopher has either delegated t'-Haiti policy to his deputy. Strobe Talberor was cut out by the White House.

When Mr. Carter called Mr. Clinton Last Wednesday with the news that he lass spoken by phone to Lieutenant Genesia. Rapul Cedras, the head of the Haiting military, and offered a strategy to end to: crisis, Mr. Lake decided to draft a propex. for a peaceful solution, senior administration officials said.

Mr. Lake tracked down Secretary Defense William J. Perry at a reception... He spoke with General John M. Shalikas', vili, elaarman of the Joint Chiefs of State He consulted Mr. Talbott in his kitche.
He didn't call Mr. Christopher, leaving at to Mr. Talbott to inform his boss.

The next night, when Mr. Clinton delivered his Haiti speech to the nation, "1. Christopher watched it on television as

So when the president retired to the small study off the Oval Office with President Al Gore, Mr. Lake, and his clim of staff, Leon E. Pancita, to plione 149 Carter and the other two potential cosaries with his thoughts about a power peace mission, Mr. Christopher v....

George Stephanopoulos, a senior adverted or to Mr. Clinton, played down the mantance of Mr. Christopher's absence. . . ing, "There is nothing unusual at a secretary of state not being at a proof.

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Noguchi's Sculptures: A Legacy Left in Limbo

By Carol Lutfy

URE, Japan — Isamu Noguchi was 84 when he died unexpectedly in December 1988. Equally unexpected was the will he left behind. It specified, as anticipated, that be would like his Mure studio, where he had worked for the last 19 years of cle of a prolifie career. his life, to be opened as a public museum.

Masatoshi Izumi with Isamu Noguchi in Takamatsu Studio in 1986.

But the Japanese-American artist left no instructions aboot what form the museum should take. And even more mysteriously, he left nothing to Masatoshi Izumi, his devoted assistant of 22 years, on whose land the studio complex was huilt.

That is at the root of a six-year tug-of-war between Noguchi's Japanese and American associates over the fate of his estate. As the 90th anniversary of Noguchi's birth, in November, approaches, the conflict represents a critical juncture in his legacy as one of the giants of 20th-century modernism. At issue is the future of about 200 Noguchi sculptures, worth an estimated \$50 million, some of them, like "Energy Void" (1971), among the most spectacular that he produced.

preservation of the environment that Noguchi created in Mure, where from 1969 he spent half of each year and where he began work with stone. Mure was the final, and perhaps most compelling, chapter in Noguchi's life. It was there that he finally found a viable place to work in Japan, reaching what many agree to be the pinna-

Set amid the beauty of the Shikoku countryside, Noguchi's compound comprises a restored 220-year-old farmhouse; rice, sake and grain storehouses, converted into work, and grain storenouses, converted into work, exhibition and entertainment spaces; a sculpture yard enclosed by a wall of stones; a hilltop garden of Noguchi's design; an outdoor atelier, flanked by a pile of uncut rocks, and a vast spectrum of sculptures in

varying stages of completion.

Although everyone involved agrees that the compound should be preserved, the Isamu Noguchi Foundation in New York differs with Izumi and a small group of Noguchi's Japanese associates over how to

Izumi remains caretaker and spiritual owner of Noguchi's studio complex, which to a large but uncertain extent was built

THE IHT/JAL COMPETITION

At least as important, however, is the with his money. Noguchi and Izumi had an Izumi's terms for a museum have been unorthodox financial relationship and that is proving thorny for the foundation.

> OGUCHI met Izumi, who was then 25, in 1964, Izumi had grown up among the stones of Mure and had a masterful knowledge of the oearby quarries. But he offered Noguchi far more than technical skill. He provided the land on which to build his compound, workers to execute his ideas, and with the help of his wife and children, a surrogate family to support the aging artist.

"Noguchi could never have dooe what he did without Izumi" said Bruce Altshuler. director of the Isamu Noguchi Garden Museum in Long Island City, New York.

Says Izumi: "Even people from Tokyo are surprised at how Noguchi-san could live here without paying me any money."
(Izumi has received some money, but the foundation concedes it owes him more.)

The foundation needs Izumi's cooperation to open a museum, because he owns

the land and the building on it. Since negotiations began six years ago,

steadfast and simple: He has made no direct claim to money or to sculptures; what he wants is that the studio complex remain exactly as it was the day Noguchi died.

The foundation fears that this would drain its vitality. "It will be turned into a shrine. People will make their pilgrimage there. But Noguchi won't get known," said Shoji Sadao, executive director of the Isamu Noguchi Foundation in New York, "That is exactly what he didn't want."

The foundation is proposing to remove 37 of about 200 sculptures from the grounds, some of which would be sold to bolster its modest \$10 million endowment. Some of the work would also be made available to Europeao art iostitutions. where it feels Noguchi is underrepresented.

The next round of negotiations will take place wheo Izumi visits the New York foundation in October.

The worst-case scenario is that lzumi will make a claim to some of the work, that the rest of the sculptures will be removed to New York, and that Mure, as Noguchi conceived it, will disappear. Given the mounting frustration, both sides concede that this could happen.

"Isamu himself tried to orchestrate terms for a museum in Mure and failed." Altshler reflects. "He was aware that this wouldn't he easy. But I often wooder if he knew it would be so hard."

Carol Luty is a Tokyo-based free-lance for the center has been slashed. journalist who specializes in the arts.

Laboratory for Artists At the Castle in Warsaw

By Jane Perlez New York Times Service

ARSAW - A 17th-century royal residence that was bombed in World War II, then demolished and crudely rebuilt by the Communists has become the focus of some of the most energetic contemporary art in Eastern Europe.

Known around Warsaw simply as the Castle, the Center for Contemporary Art at the Ujazdowski Castle prides itself, says its director, Wojciech Krukowski, on being a place for Polish and international artists to experiment.

The rough finish of the large rooms from the hasty reconstruction — exposed brick in some places, uneven ceilings — has made the center an ideal space for installation and site-specific art.

"This museum is like a laboratory of the arts, it is a space for art in progress,"
Krukowski said as he hohbed up and
down at his table in the center's vegetarian restaurant, greeting artists and curators just before the opening of the latest

As usual for the center, the new exhibitioo hreaks fresh ground: nine artists liv-ing in Berlin (of German, American and Polish backgrounds) are showing their work, much of it installation art, for the first time in Poland.

The idea is to bring some of the intensity of the Berlin art world to Warsaw. Just as exciting for the Poles, another part of the agreement provides for 11 new Polish artists in their late 20s and early 30s to show their work in Berlin later in the year.

"Io Berlin, Polish art is considered formalistic and elitist art," said Piotr Ryp-son, the chief curator of the center. "So we are sending artists who work in very contemporary ways and have the most

No painters are in the shows in either Warsaw or Berlin. "It will be objects, sculpture, installations and photo works that are collage with video," Rypson as a The vacant castle opened in 1990 as a

cootemporary art center with Krukowski. a former theater director who supported the opposition Solidarity movement, in At the start, financial support from the

Polish government was reasonable, and the center made its first hig splash with a show called "Paradise Lost," which contrasted Stalinist Social Realism paintings with large-scale Polish installation art of the late 1980s. One of the more sensational installation

pieces, by Grzegorz Klaman, 35, consisted of a tunnel of old tin and a ramp of new wood built inside the castle and a huge tinplate obelisk rising out of the lake on the castle grounds. But since the arrival a year ago of a new

RELIGIOUS SERVICES

Dejmek, who favors traditional and folk funds," he said.

art, has expressed disdain for the center, leaving it with virtually no money for new

A team of arts management experts from the Walker Art Center in Minneapolis visited to help the center and said they were surprised by its high level of activity despite the lack of money.

The artistic situation is very excit

said Katharine Deshaw, the director of development at the Walker. "But they are working with very limited funds, just in a shoestring. I wonder how they do

Staff at the center often went w paychecks and artists often donated work instead of being paid, she said. The eight curators each receive a salary of \$150 a month.

Another American cultural manager, Jane Gullong, the director of Arts Interna-tional in New York City, which organizes expertise for cultural groups in Eastern Europe, described the center as "unique in the region" and added, "The flow of new ideas is stronger and different from any other place.

UT for all the energy at the center, both the artists and the management know they can't thrive on enthusiasm alone.

"Poles are expert at operating without money," said Nina Wasilewska, the devel-opment program coordinator. "But we have to adjust to the changing times. We can no longer just depend on hope. We have to be able to plan."

Some of the artists are leading the way by forming foundations. Klaman, the installation artist, who is from the oorthern city of Gdansk, said the cutbacks in gov-ernment money had made relatively large installations like his too expensive for the

"There was a hig hurst after 1989, hut oow that hig fire is just smoldering ashes because of big cuts from the government," Klaman said. "And private people with money are not interested in contemporary art. They say they don't under-

A group of artists in Gdansk had set up a foundation that could accept grants from other foundations in Europe as a way of attracting new money, he said.

The center has received its first corporate sponsorship: a \$50,000 matching grant from AT&T Corp. to help finance a retrospective of the Polish-born New York City artist Krzysztof Wodiczko, who has projected photographic images on government buildings, museums and monuments in the United States to make statements about public issues such as nuclear missiles and the homeless.

So far, there has been no money from the ministry of culture for next year's bud-get. Wasilewska said. "For next year we can't talk to artists because there is no money."

Actually, the center has talked to potengovernment with roots in the Communist tial exhibitors. The resilient Krukowski past and the appointment of a oew minis- says he has planned a show by the Ameriter of culture, Kazimierz Dejmek, money can sculptor Robert Gober, But there's one small point: "It's a matter of getting ti

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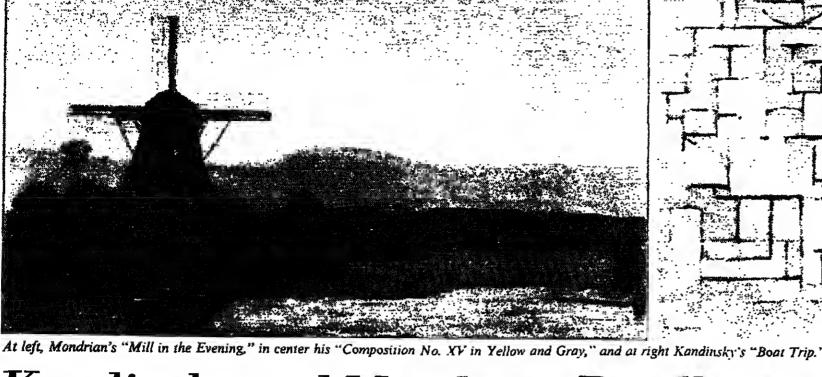
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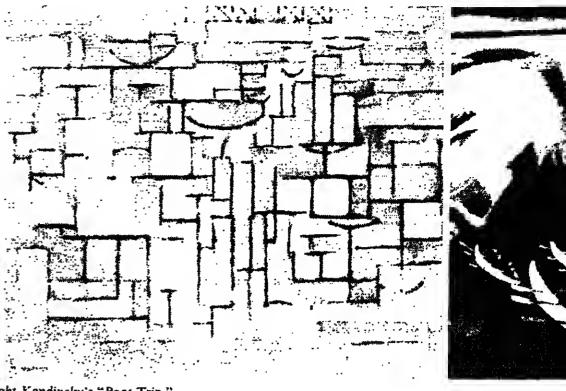
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fiti artist Jean-Michel Basquiat. For many years he was re-WARGAW Copyright Copyright

museum that will open in Fehruary in Houston.) thought to have embraced Pop the retrospective has recalled





Kandinsky and Mondrian: Parallel Paths to Abstractionism

ADRID - Nearly 100 years after abstractionism first triumphed in Europe, the irresistible force that drove away leading European artists from the figural has yet to be convincingly accounted for.

"Kandinsky-Mondrian, Two Roads To-wards Abstractionism," on view at the Fundación "La Caixa" until Nov. 13 and later in Barcelona, on the foundation premises, from Nov. 25 to Jan. 22, is the first attempt at considering the parallel progression of two towering figures of 20thcentury art. The outcome was assoundingly different.

In Wassily Kandinsky's oenvre, struc-ture melted down until it was submerged in an upsurge of color creating a world of dreamlike floating forms. With the hind-sight of knowledge, one can detect the early beginnings of the process in the very first picture, a view of "Schwabing in Win-ter Sunshine," painted in 1901. It is a historic work, in which two opposing worlds are still linked. The composition worlds are still linked. The composition remains classical. The two diagonals of the rectangle cut across each other at the focal point, but the balance rests on color, not on outline. Shorn of its upper half, with a house and some hinred trees, the lower part makes no sense. Colored bands merely succeed each other.

"Achtyrka-Park," done in the same Kandinsky, however, was not ready for year, is an exercise in dark and light values. abstraction. In 1906, the artist even seemed "Achtyrka-Park," done in the same

The same shade of hlackish green is used for the shadow in the foreground, for the wedge - like a winding river in the middle - and for a clump of trees in the top corner left. Similarly, hright acid yellows leap across the composition in long strips and go up in a shimmering flame, like movement in the leafy trees in the top

corner right.
Yet, there is no indication that Kandinsky was intentionally moving away

SOUREN MELIKIAN

from the figural at that moment. Two wonderful little sketches painted near Tunis in 1905 betray a painter's pure pleasure in jotting down on the spot impressions of color and light. In "Tunis-Coastal Land-scape I," color is lightly organized into shape. A vast expanse of rising heige (the strand) presses against a narrow widening turquoise strip (the sea) in the distance. Above, dark blue, then lighter blue indi-

cate low hills and the sky.

The masterpiece is "Tunis-Coastal Landscape II" in layered bands of alternately light and dark color. The pressure of the brush gives a dancing rhythm to the spots of color crushed into the surface, Except for the undulating blue hills on the horizon, very little is instantly identifiable as figural.

to be hacktracking. In "Pond in the Park," a firm linear structure is reintroduced. Another 1906 landscape, "The Park of Saint Cloud" holds out the promise of a return to Neo-Impressionism with an intensity of color and a vigor inherited from Fauvism.

The parting of the roads came three years later. In 1909, Kandinsky painted "Group in Crinolines," a genre scene whose flippancy is thinly disguised by the Fauve color scheme all in yellow, red, blue and black. But "Murnau-Landscape with Church I," done within months, is lightyears away. It teeters on the verge of pure abstraction. Without the suggestion of a facade in the distance and a low construccontrasted tonalities, intense and dramatic. The subject is immaterial.

Figuration was ebhing away. In "Ettaler Mandl," also of 1909, it survives as it might in a dream. Mountains are painted in blue and red. The foreground is a glowing orange patch and, high up above the peaks, clouds look like floating marguerites. Between 1910 and 1912, the figural element lingered, taking the form of faintly remembered shapes.

In 1913. Kandinsky hit the end of the road. The titles he chose for his compositions show that figuration for him had become irrelevant, even as a concept. "Red Spot" indeed shows a deeply pink shape

of the Deluge," equally abstract, threaten-ing color explodes, squirts and swirls around, it does not depict, it conveys a mood. Kandinsky's search bad come to its logical conclusion, the rejection of all formal language, smashing up structure into colored shreds.

Piet Mondrian's itinerary was more tortuous. He came from farther afield. Hendrik Henkels, in the introduction, reminds us that the painter was trained as a drawing tion on the horizon, the picture would master and it shows in his early paintings. hardly look like a landscape. It is all about There is Mondrian, the unsuspected painter of naturalistic still lifes with flowers, hrass pans and the occasional plaster bust in them. There is Mondrian the observer of the Durch countryside and even Mondrian as a belated Symbolist painter, portraying blond little girls with sentimental porcelain-blue eyes, emerging from a haze and looking up at some awesome sight. Soon, there was also Mondrian the landscape painter, aware of the Barbizon school legacy.

Some of his early landscapes are gems, rarely celebrated as such. "Ditch near Kalfje," believed to date from 1901-1902, is bold in composition, spartan in the quasimonochrome color scheme in grayish greens. It exudes deep, interiorized Romanticism. "Clouds," done around 1906, dis-

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Amstel: Haze" the break with figuration is almost complete. The view, in shades of gray, is suggested rather than depicted. Yet, in 1907, like Kandinsky the year

before, Mondrian seemed to return to figuration. "Mill in the Evening" defies classification. A mill is seen immediately after sunset, with the sky still a glowing yellow over low hills reduced to a purplish haze. A river in the foreground is plunged in black-ish blue darkness. There is a Barbizon feel to the landscape with a Fauve intensity to its color and a very modern brevity about it all. But Mondrian did not pursue that

N 1908, the artist had a go at Fauveinfluenced portrait painting. Fortu-nately, he did not pursue this either Arum Lilv" of 1909 is a pure gem in lavender blue and fiery orange, Barely recognizable as a flower, the motif is more like an abstract textured tapestry. Other flowers are done with precision, such as the lovely "Amaryllis" in shaded red, against a deep-blue ground.

Another phase simultaneously began with landscapes done in broadly applied Westkapelle," in pale blue and pink blobs is intelligent.

ereetly points to an aptitude for abstract stylization. Trails of color sweep across the plain, fluffy masses fill the sky. In "The done in blues and yellows, or in mauve and oranges, followed.

> Then came the shock of exposure t Cubism in 1910. Mondrian became a di ferent artist. His compositions on it theme of the "Eucalyptus" are linear an almost reduced to black and white. I 1911-12, the artist briefly reverted to the figural even if "Still Life With Ginger Pe displays a tendency to geometrical styl

But in 1913, abstract geometricism f nally got the upper hand, "Compositio No, XV in Yellow and Gray" resembles masonry pattern.

After the end of World War I, the pain er immersed himself in a search for pur geometry. From the early 1920s until hi death in 1944, Mondrian kept rearrangin panels of bright flat color contained b black bands. The doctrinaire was locked up in the grid of his obsessions,

Few art shows are as compelling as thi exhibition, which was conceived for L. Caixa by Thomas Messer, the retired di rector of the Guggenheim Museum, nov an adviser to Luis Monreal, the hrillian foundation director-general of cultural af fairs. By staking out the progression to ward abstraction through different road: dabs of color. The figural element is, at without indulging in theorizing, it brings out its inevitable nature. It is as limpid as i

A Twombly Homecoming in N.Y.

By Alan Cowell New York Times Service

AETA, Italy - The summer has been stifling, too hot. Cy Twombly said, for painting, too full of distraction and diversion. For this American artist, long viewed as a reclusive and chusive self-exile, has been preparing for a major retrospective in New York with what, for him, is a star hurst of

publicity.

You know, this really isn't a thing I do," Twombly, 66, said in his slow, Southern drawl, gesturing vaguely toward a reporter's notebook and a photographer's lights during one of a series of interviews he has given recently. It was not a grumble or a rebuke. Rather, it was more a shrugging acceptance of the way things seem to be done these days.

The preparations were for Twombly's largest American retrospective ever, which opens Sunday at the Museum of Modern Art. It will include 50 paintings, 37 works on paper and 10 sculptures, embracing his entire career.

Twombly's is not a household name in the United States, although he gained a certain no-toriety when one of his works was singled out by Morley Safer during an attack on modern art on "60 Minutes" last year as a "canvas of scrawls done with the wrong end of a paintbrush."

On the other hand, those deceptively childlike scrawls have earned him many devoted followers among artists, critics and collectors.

- IRK Varnedoe, head of the department of of the department of painting and sculp-ture at the Modern and curator of the exhibition, thinks Twombly's "purposeful disorder" and "juicy treatment of paint in relation to the body" will appeal to young artists unfamiliar with his work.

After all, says Varnedoe, "be is the grandfather of that approach." And Twombly provides a living link with the New York School tradition of Pollock, de Kooning and Kline.

Like those Abstract Expressionists, who transformed American art after World War II, he deals with heroic subjects - mythology, history, nature; but he does it in grafsiti-like lines and splotches that also link him to as contemporary a phenomenon as the 1980s graf-

garded as a remote figure in Europe, less interesting than his friends Robert Rauschenberg and Jasper Johns, who were

cles, and the admiration accorded him hy painters like Anselm Kiefer, Francesco Clemente and Julian Schnabel has only enhanced his reputation.

Today, Twombly is at a time of his life that is in some ways both turning point and home-coming. The New York retrospective will belp determine whether he has laid the critical ghost of his last, poorly received. American retrospective, at the Whitney in 1979. And it virtually coincides with his decision, after almost 37 years in Italy, to take up an American residence again in his hometown, Lexington, Virginia.

Not that things ever seem to be cast in such literal light in conversations with a man whose sentences sometimes halt abraptly, as if an inner caution had warned him to go no further toward exposing a private core that like his paintings and drawings, does not yield itself to casual scrutiny.

One senses a person who has always pursued and fulfilled a largely inscrutable and private agenda. "I hope it's not much of anything," he said of the retro-spective at the Modern. The comment might seem ingenuous if it did oot also seem a form of protection against the sometimes hostile art world in New York. Why would I want more? Why would I want an escalation or something? I have kept my own pace. I think it's a pace the paintings show. I have my pace and way of living, and I'm not looking for something,

I'm not looking for taking on something else."

Twombly was sitting in the sunlit courtyard of his hillside house in Gaeta, a coastal city 130 kilometers (80 miles) south of Rome. He bought the house eight years ago and renovated and rebuilt it, but it still seems slightly unlived in, with dust

covers swathing the furniture. Twombly's pace is less hectic than it was. He worked intensely earlier this year, completing a spectacular, four-canvas series called "The Four Seasons" and a buge 15-meter (50-foot) triptych initially called "The Anatomy of Melancholy" and now untitled. (The former, four large canvases alive with Twombly's characteristic combination of scattered incidents of drawing, painting and writing, will be at the Modern: the latter will be on view next month at the Gagosian Gallery in New York and will eventually go to the Cy Twombly Gallery, a

The publicity surrounding

peers and prohably slowed his success. ("If that's the cost" of smile, "I'm glad I did it.")

Twombly was born in 1928 in Lexington. Early training as an artist came primarily from Pierre Daura, a Spanish artist who came to Lexington when Twombly was 12 and introduced him to the modern European tradition in which he eventually came to feel most comfortable.

T art schools in Boston and New York and, in 1951, at Black Mountain College, the fabled avant-garde enclave in North Carolina where he studied under Ben Shahn and Robert Motherwell, Twomhly absorbed expressionist influences and developed interests in Dada and Surrealism.

In the 1950s, Twombly, along with Johns and Rauschenberg - with whom he traveled to Italy and North Africa - came to epitomize what seemed at the time a reaction against the Abstract Expressionists, who had become the dominant force in American art. The fact that the other two achieved success more rapidly than he does not seem to rankle. "I don't know what success

is," he said. "I don't know if it with it. I couldn't care less."

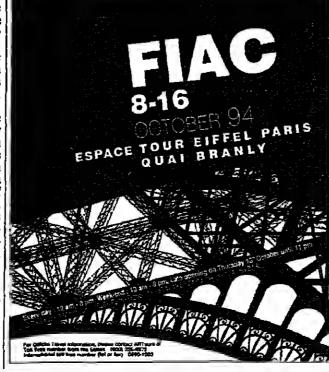
Art. But this is a Cy Twomhly some biographical detail about (Such sentiments are easier to moment. Europe has come back a painter who, by choosing to into favor in American art cir-live in Italy, made himself more financial independence. Alobscure in New York than his though Twombly recalls the days in the late 1950s when his works sold for \$100 or so, things moving to Italy, he said with a are different now. In recent years. Twomblys have brought for \$2 million to \$5 million.)

Twombly moved to fully in 1957 at the age of 29, when the focus of the art world had shifted from Europe to New York. Within two years be had married Tatiana Franchetti, a member of a ricb, aristocratic family.

Twomhly casts his move to Italy in the simplest of terms: "Rome in the 1950s was a pretty nice place to come to." But the story seems more compli-cated. He had visited Italy in 1952 with Rauschenberg, hut on this trip his association with the Franchetti family brought with it a distinctive lifestyle among people with a long history of patronage of the arts.
Some of Twombly's returns

to the United States have been singularly unfortunate. A 1964 showing at the Castelli Gallery in New York of the nine-painting series "Discourse on Commodus" was a fiasco. Not a single painting sold. The Whimey retrospective, Twombly acknowledged, was "not what one would call a success."

Clearly, Twombly has a sense that this time things will be better. "From not caring at all about American painting in the means notoriety, acceptance or what It's something I nothing but American paint-don't think about. If it happens, it happens, hut don't bother me to grah at: That's why they are to grah at: That's why they are making something of it."



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International Herald Tribune ads work

By Philip Shenon
New York Times Service

SINGAPORE — A 59-yearl Dutch engineer was hanged re Friday on narcotics arges, the first Westerner to executed under Singapore's ingent drug laws.

The Singapore authorities rried out the execution of the gineer, Johannes van amme, despite appeals from seen Beatrix of the Netherids and from the Dutch Form Ministry, and despite rethe Dutch national intellince agency.

In a statement Friday, the utch Foreign Ministry said at the government was reatly disappointed and apilled to learn of the execu-

The banging, which took ace at dawn at Singapore's hangi Prison, sent a chill rough this nation's large estern expatriate community, hich was already alarmed by e recent caning of an Ameri-in teenager, the arrest last

month of an American businessman on assault charges, and a wave of anti-Western

Arrive at

The Associated Press

that we are outside Japan under

Japan is deploying 470 members of it's Armed Self-Defense Forces on Zaire's frontier with

Rwanda to help Rwandan refu-gees. They will be based in

Although Japan's military has dispatched peacekeeping

troops to Cambodia and Mo-

United Nations and will coordi-

at Singapore's Changi Airport in September 1991 after the police found 4.3 kilograms of ber- soldiers dressed in camouflage oin hidden in his suitcase. He uniforms landed here Friday in was taken into custody shortly the first international deployafter he arrived at the airport ment of troops under Japanese from Thailand, a major transshipment point for narcotics, in

transit to a flight to Athens.

Mr. van Damme, a resident of Nigeria since 1976, had insisted that he bad been set up by a Nigerian criminal operation that be had exposed to the onel Nasu said, adding that "for Dutch intelligence agency, the the Japanese people it is the Service for Security and Terrifirst time after World War II

Mr. van Damme, who was our own command. married to a Nigerian, insisted that be had been carrying the bag for a Nigerian engineer, and that he had not known what was inside. Nigerian drug operations are reported to con-trol much of the beroin traffick-

LOBBYISTS: Will Reins Hold?

Continued from Page 1

ers and nonlawyers alike, hether they are in-house or ontracted, and whether their lients are for-profit or non-rofit. In addition, it would reuire all lobbyists to be regisred. Currently, about 4,000 of te 13,000 paid lobbyists in Vashington are registered.

It would also require them to isclose estimates of their fees nd the amounts they spend. hey must also disclose whom hey lobby, the issues on which hey lobby and on whose behalf hey are lobbying.

Under the terms of the agreeent, an office would be estabshed to adjudicate matters inolving lobbyists, who are not ubject to the rules of Congress. he new office, based in the xecutive branch, could impose ines of up to \$200,000 on erant lobbyists. Members of Congress would be subject to be rules of their respective eth-

"This is a major break-hrough," said Fred Werth-imer, president of Common lause, the public-interest lobying group. "It's important, nd it effectively addresses this ssue of lifestyles of members of longress being paid for by speial interests.

"But," he added, "most peole recognize that the larger isue continues to be cleaning up for necessary expenses for travhe corrupt campaign-finance el to a speaking engagement or other official event.

statements by the Singapore Zaire Town Mr. van Damme was arrested

are in the business of trying to influence government to give large sums of money to belp

elect the people they are trying to influence Senator Carl Levin, the Michigan Democrat who was the main force behind the lobbying legislation, said as much on Thursday when he and Representative John Bryant, Democrat of Texas, announced the

"This will make a major contribution to increasing public trust in the institution," Mr. Levin said, "because what the public has seen and read is about all of the effect and truvel. Dies at 83 about all of the gifts and travel and the golf outings and the meals from lobbyists, and all of this stuff, and we're ending it. We're saying, 'No.'"

But, be added, "are there are Shackleton, 83, the Antarctic other things we need to do? You explorer, politician and indus-bet." Still, he said, the lobbying trialist, died Thursday in a rebill "will change the way we tirement home in Hampshire, operate around here." tirement home in Hampshire, southern England, his secretary

Trips paid for by lobbyists announced Friday.

have been a thorn in the side of Lord Shackleton Congress, particularly when members appeared on television, playing golf and tennis at lobbyists' expense. Although the new agreement bans paid travel by members and their staffs, as well as payment or staffs, as well as payment or travels called "Arctic Jourreimbursement for travel to neys."
events that are substantially recreational, it allows payment lege, Oxford, Lord Shackleton

LA VILLA CREOLE THOUMIEUX then leader of the opposition in the Lords (1970-1974).

PARUS 15th Czar's Brother Is Reburied

CHEZ FRED

KERVANSARAY

INTERNATIONAL CLASSIFIED

(Continued From Page 13)

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TO OUR READERS IN FRANCE

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A man carrying a just-made coffin near the Presidential Palace in Port-au-Prince as Haitians went about their business.

HAITI: A Hospital Comes to Life as Troops Deliver Badly Needed Supplies

army to behave like professionals." But longtime American zambique, they were under the orders of UN officials. The Japanese peacekeeping mission to Goma was requested by the United Nations and Japanese Peacekeeping mission to Goma was requested by the United Nations and Japanese Peacekeeping mission to both the return of the exiled president, the Reverend Jean-Bertrand Aristide, and the U.S. nate with the UN force, but it intervention, said that unless

place will be chaos."

Colonel Hartley said night-

Rumors spread throughout time patrols, seen as the most the city Thursday afternoon dangerous, would begin Thurs- that the U.S. military planned day night. Also, for the first to disarm the Haitian troops, time, Marine platoons began but Marine commanders said walking through the neighbor- the talk was unfounded.

will have its own independent command.

Japan approved sending the troops after settling a dispute over the weapons they will carry and when a soldier can use firearms for self-defense.

Intervention, said that unless walking through the neighborboods, a move viewed more as an attempt to keep an eye on the Haitian military than on th

know. But if the Haitian mili-tary surrenders the streets, this year, the incidents had been iso-hospital was running out of hospital was running out of storage space. The donations will make the general hospital here almost overnight the best

equipped in the country.
"You could see on their faces fear and suspicion when we first arrived with all our weapons," said Lientenant Miller, the Navy doctor. "But then when they saw all the supplies, everything changed."

Before we could offer only comfort," a nurse said. "Now we can get to work."

LENDERS:

Italians familiar with the lending business say the real problem lies with the banks.

ation, Antonio Carta, echoed a widespread conviction among Italians when he said that since Italy's banks, until this year, were almost entirely government-owned, loans were decid-N. Corrigan, 93, an Episcopal ed on political grounds. Thus, bishop whose eareer was the banks lack the people and marked by campaigns for peace skills to judge if a potential bor-and human rights, died rower is a charlatan or genuine

who called an association hot line, "a good percentage" said they were referred to loan sharks by bankers who had turned down their requests for

The director of the Association of Italian Banks, Giuseppe Zadra, disputed the assertion, saying the loan sharks were part of an outside circulatory system, breeding off money from

"and in some ways in competition with the activities of our

the police raided local offices of Banca Commerciale Italiana, Italy's fifth-largest, and a local savings and loan called Ceriana Brothers, pursuing evidence obtained earlier this summer when they landed a major loan shark named Giuseppe Mazzone, the 40-year-old owner of a finance company called Group Finan-

from such conservative groups as the Opus Dci organization. likes to recall another papal aphorism: He who enters the Sistine Chapel as the odds-on favorite usually emerges, unchanged, as a cardinal.

Arrests in Italy

ening of anti-usury laws. But

The regional secretary of the national small-business associ-

He added that of 60 people

cy would run into opposition Usually, when the talk turns to such discussions, someone 100 percent to 500 percent per

Continued from Page 1

Dayal. "We noticed a lot of rodents dying in the region be-fore the plague struck in the last few days." cerned," he added.

"I insist we're dealing with an external phenomenon," he said,

cial Broker.

Mr. Mazzone, it seems, did a billion-dollar business borrowing beavily from friendly bankannum to 150 or so clients. In return for the no-questionsasked policy of the bankers, Mr. Mazzone supplied them with high-priced call girls.

pneumonic plague are fever and coughing, while victims of bubonic plague suffer swelling of lymph glands.
"We would advise people re-

300,000

Flee City

In India Hit

By Plague

Compiled by Our Staff From Dispatche.

SURAT, India - More than

300,000 panie-stricken people have fled this western indian city, where at least 100 people

have died from pneumonic viral

fever and many more were fighting for their lives, officials

said Friday.

Health officials in New Delhi

said the mass exodus from Su-rat could spread the highly in-

fectious disease to other parts

of the country.

They said New Delhi was placed on alert on Friday to

placed on alert on Friday iostop the possible spread of the fever, which doctors described as pneumonic plague.

"We have sounded a red alert as a precaution," Health Minister Harsh Vardhan said.

Officials planned to set up special offices where people

special offices where people

could be tested and treated for

the plague, Prime Minister P. V.

Narasimha Rao ordered the

Health Ministry to set up a con-trol center in New Delhi to

track the disease and coordi-

nate steps to combat it.

Bubonie plague, a less contagious form of the disease, which is transmitted by fleas. struck

up to 155 people in the western state of Maharashtra several

days before the more lethal strain hit the neighboring state

Pneumonic plague can de-stroy a victim's lungs within

Officials said no one had died

from bubonic plague, which appeared in an area that had been devastated by an earthquake last year that killed at least 10,000 people. They said the situation was under control.

"Wherever there is such a

"We are seriously con-

The initial symptoms of

major ecological change we ex-

pect episodes of this kind," said a health official, Madhusudan

of Gujarat.

hours of exposure.

ceiving guests from Maharashtra and Gujarat to be particularly alert about the symptoms," Mr. Vardhan said.

A rumor that the municipal water supply had been contami-nated fucied the exodus from the city, which is 270 kilometers (170 miles) from Bombay. Vans fitted with public address systems drove through the

ECONOM

The Cit

city of more than 2 million people, urging residents to stay. government took out large advertisements in local newspapers telling people to remain at home and not to panic. Indian officials said the

plague had not been seen in the country since 1966.

The government was advising the entire population of Surat to take the antibiotic tetracycline to combat the airborne disease because they were considered at risk, Mr. Dayal said.

The Surat chief administrator, Pravin Trivedi, said 69 more patients with symptoms of pneumonic plague had been hospitalized, bringing the number of people undergoing treatment to 179. One person was brought to a hospital from outside Surat, he said.

Doctors said there was an acute shortage of drugs, especially tetracycline.

"There's panic buying of drugs," said a city official, Balwant Singh. "The entire stocks of tetracycline bave disappeared from the market."

(Reuters, AFP)

AMERICAN

Big N.Y. Schools With Small Ones

half of it from the Annenberg Foundation to replace some of its big, overcrowded schools with 50 smaller ones emphasizing individual attention and parental involve-

The new schools will serve about 50,000 of the city's 1.2 million pupils and will be mod-eled after 50 experimental schools that have opened in the last two years, The New York Times reported.

public school system from the philanthropist Walter H. Annenberg, who has pledged \$500 million to improve public education. The \$50 million will be matched by other foundations and corporate donors.

years in prison for cursing at the judge who sentenced him in Philadelphia Right after called the judge a "house nigger." Both men are black. Judge Jackson called Mr. Shaw, 24, tion for parole, I'm going to say 'No.' "

the mess. A state law enacted this week requires that young graffiti artists serve at least 24 hours of community cleanup. Their parents will have to work at least half the sentence alongside their children. The law, said

The American Contract Bridge League is bidding to get schools to adopt bridge as an extracurricular activity. Young people aren't taking up the game the way their parents and grandparents did. In 1990, the average age of the league's 200,000 members was 58. Bridge is offered as an extracurricular course in French and Chinese schools, among others. Experts say the game is a great tool for studying statistics and probability. "It's a mixture of poker and chess and falling in love," says Zia Mahmood of Karachi, Pakistan author of "Reciden My Way."

Surgeons are likely to do a better job at the operating table with a little background music, a study conducted by the State University of New York at Buffalo suggests. The study, published in the current Journal of the American Medical Association, said surgeons had lower blood pressure and pulse rates and performed better on nonsurgical mental exercises while listening to music. The study tested 50 surgeons, all of whom regularly listened to music while operating. They were hooked up to a polygraph, which measures stress through factors such as pulse and blood pressure, and were asked to count backward by 13s, 27s or other increments from a five-digit

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Maks herings - Pastomi - Gream cheese bagel and los homemade - Cheese cake & all the trad. Jewish spec. 69 Av. de Wagram. Tel:42.27.34.79. Every day up to midnight.

The remains of Grand Duke Georgi Alexandrovich, whose body was exburned in July for genetic testing to help identify the bones of the royal family, VIENNA were interred in a royal crypt in Peter and Paul Ca-Turkish & InfT specialities, lobeter bar, bes septoad restaurant, 1st floor. Mahlerstr. 9. Tel.: 5128843. Air conditioned. 80m. Opero. Noon3 p.m. & 6 p.m.-1a.m., escept Sunday. Open holidays. thedral. Georgi died in 1899 of tuberculosis at age

The Associated Press

ST. PETERSBURG -

A younger brother of Rus-

sia's last czar was reburied

Friday near the tomb of Pe-

ter the Great in a solemn

preliminary to the expected

interment of Nicholas II

and his family in March.

Shackleton, M. Renaud, Actress, Dies at 94 Compiled by Our Staff From Dispatches Leonard Feather, 80, States, Mr. Feather became an important record producer and

PARIS - Madeleine Ren- Leading Jazz Critic aud, 94, for six decades one of France's outstanding stage and screen actresses, died Friday at the American Hospital in suburban Neuilly.

LONDON --- Lord Edward Miss Renaud joined the Comédie Française in 1921 and performed in its classical reperperformed in its classical reper-tory for 26 years. In 1940 she married the actor and director Jean-Louis Barrault, 10 years her junior. Together they founded the Renaud-Barrault southern England, his secretary Lord Shackleton of Burley stage company, which performed on a succession of of Paris theater until Mr. Bar. studied piano and the clarinet. stages but remained a mainstay rault's death last January.

Their company began in 1947 at the Théâtre de Marigny and a decade later moved under gov-ernment aegis to the Theatre de l'Odéon. After being summarily evicted by André Malraux, then culture minister, because of Mr. meant the Pope's giving up to He joined the Royal Air Barrault's expression of sup- seven speeches a day, and the Force at the start of World War port for the 1968 student upris-ing in which the Odeon was Gianfranco Fineschi, the papal II and reached the rank of lieu-

> acted in the company's classical with like-minded people. age of 89, she starred in a reviv- up to 120 cardinals under the al of Marguerite Duras's "Sa-age of 80, who make their vannah Bay." She also was cele-choice in elections that take brated for ber frequently place in the Sistine Chapel. Of revived performance in Samuel the 120 positions for "cardinal Beckett's "Ob! les beaux jours" electors," 22 are currently va-

NEW YORK (NYT) — Leonard Feather, 80, the dean of American jazz critics and a composer and musician, died Thursday of complications due to pneumonia in Encino, California, according to a friend,

Mr. Feather's influence in jazz was far-reaching. As a critic, he was an elegant, straightforward stylist who from the 1930s on chronicled the jazz scene. Mr. Feather was early on

an advocate of be-bop.

Mr. Feather's talents were not restricted to criticism. He and taught himself arranging. In England and in the United

and Sarah Vaughan. The Right Reverend Daniel

composer, writing pieces for Dinah Washington ("Evil Gal Blues" and "Blowtop Blues")

that bave often been recorded.

His biggest hit, "How Blue Can

You Get," was recorded by

Louis Jordan and by B.B. King.

scout, producing the first re-cordings of Dinah Washington

He was an exceptional talent

Wednesday in Santa Barbara, entrepreneur," he said. California, from complications resulting from a fall.

who share his doctrinal conser-

One of them is Cardinal Lu-

cas Moreira Neves of Brazil, a

cluding 19 Italians, according

to a survey published in June in

The leading Italian contend-

er, many Vatican experts argue,

is Cardinal Carlo Maria Marti-

ni, the archbishop of Milan, al-

though, as a Jesuit who has spo-

ken of "bealtby pluralism" within the church, his candida-

L'Espresso magazine.

POPE: Talk of Succession Is Heard named as cardinals a majority

vatism.

Continued from Page I

and contemporary productions Church law insists that the for more than 40 years. At the Pope be chosen by a conclave of

("Happy Days"), and she cant, and the Pope is expected played leading roles in a wide to announce appointments this

repertory year. But, already, he has KOREA: A New Demand

could determine whether it has tried to make a nuclear bomb. Libya cast the only "no" vote. It was the second consecutive year that the conference has passed a resolution specifically criticizing North Korea. Past rebukes have only bardened the North's stance. Pyongyang

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board sharply criticized the North and suspended all non-

The atomic energy agency has no police powers, but it has abruptly renounced its mem-

medical technical aid.

broad experience monitoring sources of nuclear materials. In a separate development, North Korea on Friday called joint U.S.-Japan naval exercises off its east coast a "war gamble" that could complicate nebership in the agency in June gotiations to end the nuclear after the body's governing standoff. (Reuters, AP, WP)

IN MEMORIAM In memory of Glenn Souham Officer of the Sovereign Order of Malta Special Advisor

President of the United States Private Sector Initiatives. Those who knew and loved him are asked to join his family in prayer and keep in their thoughts Glenn Souham, whose Masses will be held in Paris, Lausanne,

New York, N.Y.

You can be sure that Glenn's spirit of compassion, cooperation and commitment will long be remembered by all who knew him." Ronald Reagan

President of the United States of America The White House Washington D.C., October 8, 1986.

TOPICS

\$100 Million Grant Will Replace New York City will receive \$100 million -

The Annenberg gift is the first grant to a

Short Takes

Derrick Shaw could serve an extra 35 to 70 Judge Ricardo C. Jackson meted out a 7-to-15-year term for kidnapping and armed robbery, the defendant yelled curses at him and back before the bench and resentenced him to the maximum 42 to 85 years. He added, "If the matter ever comes to me for recommendaIn California, parents of children convicted of scrawing graffiti will have to help clean up Assemblyman Tom Connolly, author of the bill, will give parents "more incentive to ask questions about paint on their child's bands."

stan, author of "Bridge My Way."

International Herald Tribune.

tenant colonel, heading the miloccupied by students, the com- surgeon. "A young man would ominent conservative Dining Out both roots in the developing illegal sources like drugs. itary and naval information secpany weathered several moves. have been tired by this protion in the Air Ministry. world and Vatican experience. its last bome was the Theatre gram, and you must remember Another is Cardinal Francis He was a Labor member of du Rond-Point, a converted that we are talking about a man Arinze of Nigeria, who has dealt widely with the Islamic world on behalf of the Vatican. Parliament from 1946 to 1955, skating rink across the Avenue of 74." and he was made a life peer HAESJE CLAES des Champs-Elysées from the For all the uncertainties, the with the title of baron in 1958. Real Dutch Cooking, Open from lunch until metroph. Sovistrool 275. Tel. 624 99 98. Reservations recommended. Marigny, where they began. Pope bimself bas already The best refined Create cutsine in Paris Piano in the evening, Specialities red snappers, thank, 19, rue d'Antin, Tel.: 47.42.64.92. Among the current cardinal Whatever the truth, this week's news from Turin must From 1964 to 1967 he was shaped the broad outlines of the Minister of Defense for the electors, however, the single Physically slight but a vi- succession through the corpo-RAF before becoming leader of the House of Lords (1968-70), biggest bloc, numbering 48, is have troubled the banks, after NEUILLY-SUR-SEINE brant personality, Miss Renaud rate tactic of packing the board composed of Europeans, in-JARRASSE L'ECABLER
DE PARES

of Ciujara:

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major configural charge sin DEC & Chineses of the First a health official, Machen Dayai "W. neures ale; restones there as the root, fore the places stack with few days. to We have continuous as cerned " Sounded.

The spate to engine poleumana player arrived energhency while summerbeente ghanne anner a. z. francis manage We would allow up to covering grants from Mate. Walland Court to the section . **farily** in a continuous of

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CARN AND SOLD TO TRACT A MAN TO THE **pie**, gryce areaeth by The government has only meldere meter beite bei bei pers telling propriational bearing and not be to be indian officer - 2000 plague ball on the energit country that I'm The governor a wards mg the enters permanents

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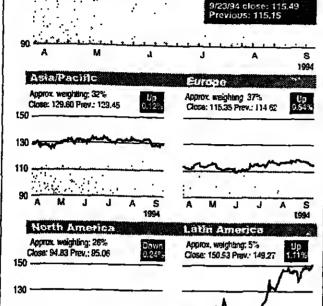




International Herald Tribune World Stock Index ©, composed of 280 Internationally Investable stocks from 25 countries, compiled

by Bloomberg Business News. Jan. 1, 1992 = 100.

World Index



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brzali, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zaaland, Norway, Singapora, Spain, Sweden, Switzerland and Venezuele. For Tokyo, New York and London, the Index is composed of the 20 top Issues in terms of market capitalization.

	Fel, close	Prev.	% change		FrL	Prev.	change
Energy	1 t 2.16	111.71	+0.40	Capital Goods	117.29	117.08	+0.18
Utilities	131.30	130.62	+0.52	Raw Materials	134.83	133 89	+0 70
Finance	115.48	115.15	+0.29	Consumer Goods	103.17	103.04	+0.13
Services	120.95	120.50	+0.37	Miscellaneous	134.18	133.96	+0.16

The Fateful Falling Out of Disney's Dynamic Duo

By Bernard Weinraub with Geraldine Fabrikant New York Times Service

HOLLYWOOD - In a decade, Michael Eisner and Jeffrey Katzenherg transformed the slumbering Walt Disney Co. into an \$8.5 billion entertainment giant whose success has seemed magical. Investors surged to the company, and its stock price multiplied. Its top executives were lavishly rewarded. Mr. Eisner, the chairman, earned more than \$203 million last year.

This year Disney is enjoying the most profitable film ever, "The Lion King." the top-rated television show, "Home Improvement," and the

But three weeks ago Mr. Eisner shocked the Disney executives. The theater division that Mr.

entertainment industry by denying Mr. Katzen-berg's request for a promotion to the No. 2 position at the company and essentially dismissed Mr. Katzenberg, his long-time colleague and ally.

Now Disney is suffering the consequences. Without Mr. Katzenberg, the studio division that was the most profitable in Hollywood and the star performer at Disney in recent years has been nearly paralyzed, according to Disney studio executives and Hollywood producers and agents. The company has been embarrassed as Mr. Eisner and Mr. Katzenberg have lashed out at each other.

Since Mr. Katzenberg's departure, an animatmost successful musical on Broadway, "Beauty ed movie in production. "The Hunchback of Notre Dame," has been rielayed, according to

By Edmund L. Andrews

International Herald Techune

to rewrite the U.S. telecommunications

laws to permit open competition between

telephone and cable-television companies

collapsed Friday in the Senate amid feud-

ing between rival industry groups.

The death of the bill was announced

definitively its chief Senate sponsor. Sena-tor Ernest F. Hollings of South Carolina.

Blaming opposition from the regional Bell companies, Mr. Hollings said he had run

out of time before Congress adjourns.

sensus that current laws have not kept

pace with changes in technology or the

marketplace and oespite strong bipartisan

support for the legislation. The House had

passed a similar bill hy overwhelming

margins in June, and President Bill Clin-

overhauled the 60-year-old American

Had it passed, the bill would have

ton strongly favored the measure,

Compiled by Our Stuff From Dequations

The defeat came despite a broad con-

WASHINGTON - A sweeping effort

"Beauty and the Beast," is leaderless.

In addition, there is uncertainty about the timing of the show's openings and the shape of projects like "Aïda," with music by Elton John. The producers of several coming Disney films said the marketing side of the company seemed crippled. Mr. Katzenberg was especially good at using Disney characters in profitable merchan-

Even Disney's interest in acquiring the NBC television network from General Electric Co. — Mr. Eisner is in New York for talks with network executives - has been shadowed by the

"Losing Katzenberg was like losing an important piece of manoower," said Emanuel Gerard.

Reform of U.S. Telecom Law Dies

and cable television service.

communications laws from top to bot-

tom. Its primary goal was to eliminate

the regulatory barriers that divided the

industry into separate and protected fief-

doms for local telephone, long-distance

collision course for some time as each has

raced toward a similar vision of building

the so-called information superhighway

telephone calls to television and electronic

tinues to oppose the bill; the telephone companies." Mr. Hollings said.

But others were more temperate, say-

ing the effort had become freighted with

too much baggage in an attempt to pla-

cate too many entrenched industry

groups. The past several months have

produced a hitter if predictable battle for

political advantage between local tele-

Rising Commodity Prices Arouse Rate Fears

textbooks at the touch of a button.

networks that deliver everything from

"Only one sector of the industry con-

The three industries have been on a

Katzenberg also ran, which is responsible for "If you go out and buy a network at a time you are restructuring management, it puts of pressure on management.

Then there was the remarkable animu tween two men who were once allies. The arso intense that Mr. Katzenberg has been that he will not be welcome next month: London premiere of "The Lion King," at v Mr. John, the composer of the score, want have a party for him,

Animators at the studio who sought to h farewell party for Mr. Katzenberg were h from doing so by Mr. Eisner, Moreover, Katzenberg has been fold to leave his offi the studio as quickly as possible.

Perhaps most cutting for Mr. Katzenberg Eisner has sought to diminish the impact c

phone companies, long-distance carrier

Christmas tree for the benefit of variou

interest groups," said Eli Noain, directo of Columbia University's Institute fo

"This hill had become somewhat of a

The bill's defeat this year may well

mean that it is dooined for good, given

the extraordinary efforts by top lawmak-

ers in both the House and the Senate to

hammer out the necessary compronuses.

consumers - remains unclear, Industry

analysts say Congress and Mr. Clinton

were essentially trying to legitimize a

process that had been well under way

aiready. Thanks to advances in digital

technology, virtually every segment of

the communications industry has begun

chipping away at other markets. That process is likely to continue, although its

pace will inevitably be slowed by the

laws that remain on the books.

The impact on the industry - and on

and cable television operators.

Tele-Information.

of the investment firm Gerard Klauer Maiuson, See DISNEY, Page 11

Pirelli Profit Rises On Reduced Debt

Bloomberg Business News

MILAN - Improved proprofit in the first balf, reversing to optical transmission. from a loss in the first half of Operating profit rose

The tire-and-cable company earned 54.6 billion lire (\$35 million) in the half, reversing from a 62.7 hillion lira loss in the first six months of 1993.

Marco Tronehetti Provera, Pirelli would turn a full-year profit this year, breaking a string of three years of losses.

The results sent Pirelli's slowly, hut that prices were shares up to 2,640 lire Friday from 2,590 lire Thursday.

He tempered his forecast for First-half sales rose only slightly, to 4.69 trillion lire from 4.64 trillion, But net deht as of

1993 and from 2.64 trillion at mid-1993. Mr. Provera said the company put emphasis on consolidating its core segments than on increasing sales.

from 2.1 trillion at the end of

"We didn't look to increase volumes." he said. "Our aim was to get out of areas and niehes where we didn't have margins." Over the past few years, Pirelli has sold all its operations that

were not linked to tires and ca-bles. It also withdrew from some ductivity and redcued debt specialized tire sectors and belped Pirelli SpA return to moved away from copper wires

> Operating profit rose to 186 hillion lire from 155 hillion, while pretax profit was 105 billion lire, reversing from a loss of 83 billion lire in the 1993 half.

The company's tire operations posted a net profit of 7 billion lire after a loss of 49 the chief executive, predicted billion lire in the first half of last year.

Mr. Provera said the European tire market was growing He tempered his forecast for

full-year profit by saving the company still faced "tensions" in raw material prices and an June 30 fell to 1.83 trillion lire ongoing hattle with U.S. unions over proposed wage cuts. Analysts predicted Pirelli

would earn about 100 billion lire this year, a turnaround that matches other companies in the European auto sector. Fiat SpA is expected to an-

nounce next week a small pre-tax profit for the first half. York for the first time in more On Tuesday, Compagnie Générale des Etablissements than a year.

The spike in gold prices has added to concern that the Fed-Michelin SCA reported a first-half net profit of 410 million eral Reserve Board will raise French francs (\$77 million). American interest rates next compared with a loss of 3.2 hilweek to control inflation. lion francs during the year-ear-On average, commodity prices are up by about 30 per-

LONDON - Key world commodity prices extended of inflation. their rally of 1994 this week, led by gold, which broke the \$400 dollar barrier on Friday in New els since 1986. Wheat is up by a

third since July. Gold for delivery in December elosed at \$399.60 an ounce in New York, up 60 cents from

cent this year although few Economics in its latest review of economists predicted a big risk the outlook for commodities, The boom is driven by specu-

Silver, copper and zine also lative fund huying, although it highs Friday. Coffee prices, have risen to their strongest levlative fund huying, although it from recession and in such cases as coffee and wheat poor crops in some areas.

But crude oil prices, which carry the higgest inflationary

risk are only around \$10 per harrel now, up from \$13 in January "Prices are rising from a low but well below \$20 seen in 1993.

market attracted waves of bit ing by speculators and users, the jewelery industry gears t for Christmas. But the rise in gold comes on

four days before the policy-ma ing arm of the Fed meets. Al. Greenspan, the central hank chairman, has said the Fe watches gold prices as an indictor of inflationary expectation Investors often buy gold as

hedge against inflation, which diminishes the value of asse-See MARKETS, Page 10

ECONOMIC SCENE

The German Market Votes

onal Herald Tribune

RANKFURT - With elections less than a month away and the economy finally growing, the German business community's official neutrality toward the prospect of change in government

has given way to open skepticism.

The closer the election gets, the more financial markets and the business community seem to fear that a government under the Social Democratic Party, led by Rudolf Sharping, might indeed be different and slow the pace of economic reform. Oskar Lafontaine, the Social Democrats'

finance minister-designate, recently accused the center-right government of Chancellos Helmut Kohl of presiding over "record deficits, record unemployment, record high taxes and social security fees." He went on to say there were "more people living off the state than ever before" than ever before."

But Hans Peter Stihl, president of the Association of German Chambers of Commerce, a powerful industry lobby that had previously been politically neutral, warned that a Social Democrat-led federal government would be bad for the economy.
"It's ultimately a choice between four years

of progressive, market-oriented government that will prepare us for the 21st century and interventionist, tax-and-spend government with a backward energy agenda that will jeopardize Germany's place amid the world's

leading economic powers," he said.

Despite the fact that Mr. Kohl's ratings are advancing in the polls, political uncertainty has weighed down stock prices and helped inflate bond yields. International investors

have been delaying decisions until the coun-By Brandon Mitchener

try's political uncertainties are resolved.

What has happened to the Social Democrats' credibility? Erwin Grandinger, a politi-cal consultant, said the party has made a series of erucial missteps. In March, Mr. Scharping, the Social Demo-

cratic candidate for chancellor, said he would replace Mr. Kohl's planned 7.5 percent tax on all wage-earners with a 10 percent personalincome-tax surcharge on anyone who earns 60,000 Deutsche marks (\$38,777) a year. which includes most of the German middle class. Though be meant 60,000 DM net, not gross, the damage was done.

The latest slip was Mr. Scharping's decision in Saxony-Anhalt state to allow the formation of a minority government including his Social Democrats and the Greens that depends on the support of the Party of Democratic Sccialism, formerly the Communist party, to

achieve a majority.

The success of the former Communists in the economically depressed Eastern Germany has raised fears that the Social Democrats would enter into a similar relationship in Bonn if it were the only way the party could wrest power from Mr. Kohl.

The former Communist have made attempts to temper their rbetoric. hut the offi-cial party program still calls for the abolition of private capital.

Analysts worry that a ruling coalition that would include any of country's left-leaning parties would increase Germany's deficit.
"Any coalition which includes the SPD or the Greens is likely to see a softer fiscal policy, although ambitious spending plans would See VOTE, Page 11

Hong Kong Adds 7 New **Listed Stocks**

HONG KONG — The Hong Kong stock market's blue-chip indicator, the Hang Seng index, will add seven new stocks to replace the Jardine Matheson group of companies, managers

of the index said on Friday. Five Jardine companies traded on the Hong Kong exchange are dropping their listings after a dispute with the exchange over listing rules.

Properties Ltd., Guangdong Investment Ltd., Johnson Electric Holdings Ltd. and Oriental Press Group Ltd., publisher of Hong Kong's largest-circula-tion Chinese newspaper. will join the Hang Seng index.

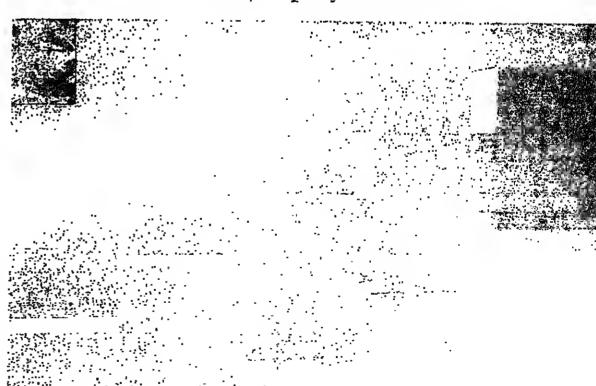
Discretion is a virtue, profit is a must.



Beginning on Nov. 1. Amoy

They will replace Jardine Matheson Holdings Ltd. and Jardine Strategic Holdings Ltd., which will drop their listings in December.
Three more companies — the

hotel group Shangri-La Asia Ltd., the property developer Sino Land Co. and South China Morning Post (Holdings) Ltd., publishers of Hong Kong's top-selling English newspaper, will be listed on Feb. 28.



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CURRENCY & INTEREST RATES

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Other Dollar Values Currency Per \$ Currency Per \$ 23.50 Mex. peso 2.405 Mex. peso Currency Per \$
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Forward Rates 30-day 48-day 1,5742 1,5734 1,5474 1,5493 1,2877 1,2891

Eurocurrency Deposits Sept. 22 D-Mark Franc Sierling Franc ECU 66% SteSte 45e4% 7.67% 63e69 31-24. Sources: Reuters, Lloyds Bank. **Key Money Rates**

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New York 379.60 379.60 + 8:60

U.S. Golfes ser outce. London attacks inlass; Zurich and New York opening and closlass; Zurich and New York opening and closlass; Zurich and New York Conex (December.)

Source: Reuters, Germony

Dow Jones Averages

EUROPEAN FUTURES

Metals

nares Held Hostage Fears of Fed Move

Nided by Our Staff From Dispatches

SINCW YORK — U.S. stocks
I Dur by a fourth straight day on
argesty amid oagging concern
argesthe Federal Reserve Board
execute Federal Reserve Board execute interest rates after its ingeralse interest rates after its
The olicy-making committee med s next week.

ginihere is a formidable wall ammorry out there," said Hugh seen son, chief investment strat-

U.S. Stocks

ti arts l at First Albany Corp. the ere are good reasons to bence the Fed will raise interest In s oext week.

utch be Dow Jones industrial ava at ge fell 5.38 poiots, to reat 1.75, oo Friday. For the filled, the average declined 2.6 The only 31.6 percent of invest-

ace at advisers were bullish hanlut the outlook for stocks week, according to a survey este 140 market letter writers hich piled by Investors Intelli-E re ce oewsletter. Meantime, un B percent of advisers expect-_stocks would fall.

Declining issues led advancooes hy 3 to 1 on the New rk Stock Exchange, where ume totaled 297.58 million res, off slightly from 302.87

ers lioo on Thursday. hetrear of rising interest rates weighed on the benchmark 30year Treasury bond, which fell 4/32 point, to 96 20/32, for a yield of 7.79 percent, up from 7.78 percent oo Thursday.

Concern that rising rates would crimp consumer borrowing belped hammer shares of automakers, whose sales depend on consumer credit. General Motors Corp. slipped 1% to 46%, Chrysler Corp. fell 1% to 43% and Ford Motor Co. fell %

Digital Equipment Corp. skidded 2% to 25% after an analyst at PaineWehber lowered his investment opinico to "ocutral" from "buy." Intel fell 14 to 6314 after an analyst at Montgomery Securities lowered his 1994 earnings estimates to \$6.17 per share from \$6.21 a share.

Ecogen rose 1/8 to 4 5/16 after falling 1 15/16 Thursday. Ecogen is one of a handful of biotechnology stocks that fell Thursday after David Blech's underwriting firm suspended trading activides. D. Blech & Co. is to be acquired by Josephthal, Lyon & Ross Inc.

Corporate Express shares rose 4% to 20% from their initial offering price of 16. The office supply retailer's IPO of 7.5 million shares began trading Fri-day. (Bloomberg, AP)

roffLARKETS: Dollar Meanders

Continued from Page 9

Vasith a fixed-rate of return, such It bonds. isciStock and bond investors

od we been quick to sell on any heyn that the U.S. inflatioo rate heyrising. The shift out of those heysets has helped gold. heyBut some bullion specialists

Uy gold might get caught in a semp sprung by its own reputashen as an inflation indicator be-

Foreign Exchange

xeause a rise in U.S. rates could inephoo money out of gold and anack to bank deposits.

or Inflation was running at a 2.9 he recot annual rate through ⇒ :ugust, compared with 2.8 per-"ant during the first eight breonths of 1993 and 2.7 percent imr all of last year.

at Uncertaintty about U.S. in-yierest rates kept the dollar steancyagainst most major currenssties on Friday.

O The dollar ended at 97.83 ia en, down from 98.05 yen on hursday, but at 1.5488 Deutuche marks, up from 1.5465 uch, at 1.2865 Swiss francs, up herom 1.2845 DM, at 5.2935 ystrench francs, up from 5.2875 -rancs. The pound closed at 1.5770, up from \$1.5750.

With progress at the bargains considered less likely to re-

sume calls for a strong ven, a tactic it pursued last year. A strong yen could help balance trade by making Japaoese goods more expensive.

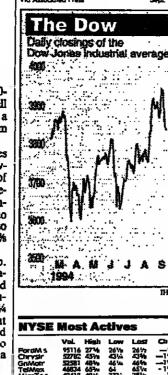
While that would usually be supportive for the dollar, traders said the dollar was weak against the yen because Japanese corporations have been selling U.S. stocks and bonds to improve balance sheets before Sept. 30, the end of the first half of Japan's fiscal year.

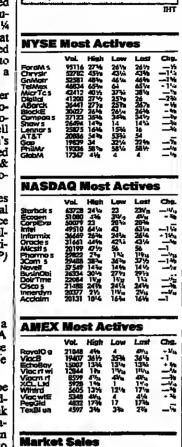
"Balance sheets look better with a lot of cash on them," said Carl Weinberg, chief economist at High Frequency Economics. "Ir. Japan, cash is king at this time of year."

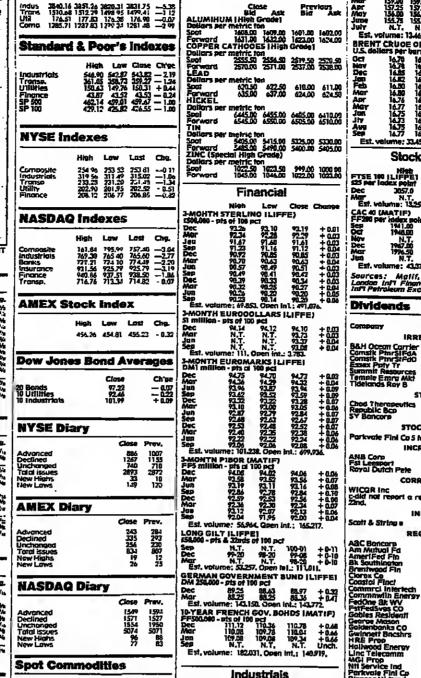
A rate increase from the Fed would be of greater effect in belping the dollar gain against the Deutsche mark, making U.S. deposits more attractive relative to German ooes, traders said.

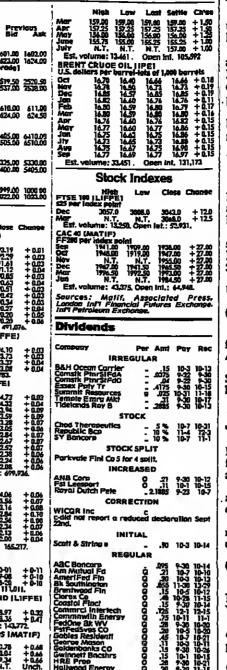
A newspaper reported oo Friday that Fed officials said that stroog arguments could be made for waiting to raise rates because recent data did oot point to a oeed for higher rates.

Lloyd Bentsen, secretary of the U.S. Treasury, said Thursday that recent increases in U.S. factory output and usage did not signal that inflation was











Borden Accepts KKR Bid, Shunning Kazarian

Compiled by Our Stoff From Dispatches
COLUMBUS, Ohio — Borden Inc. said Friday it signed a definitive agreement to sell it-self for \$2 billion to Kohlberg Kravis Roberts & Co., hrushing off last-minute overtures from Japonica Partners, which is beaded by the financier Paul

Kazarian. The pact closely follows the terms of a preliminary merger agreement reached earlier this month between the deht-ridden food company and KKR.

The transaction would give Bordeo shareholders stock in as a menu of options. RJR Nabisco Holdings Corp. to accelerate.

(Bloomberg, AFX, Reuters)

| Equivalent to \$14.25 a share, or agement principals" and talked of letting current Borden bolders keep a stake of the company

at \$14, down 12.5 cents; the percent. Beyond that, Japonica stock was trading at \$11.625 before the KKR offer.

Mr. Kazarian, the former chief executive of Sunbeam-Oster Co., said Wednesday night that be intended to offer \$16 to \$18 a share for as much as 90 percent of Borden.

ica made no specific offer during a meeting with Borden executives, iostead presenting a "letter of continuing interest with what Japonica described

The options included "man-

Borden shares closed Friday somewhere between 10 and 80 trial-products division, valued offered few details.

Mr. Kazarian refused to sign a confidentiality agreement that is standard before getting a close look at a takeover target's financial information.

Borden has been staggering under \$2 billion in debt and But Mr. Kazarian and Japon- several restructurings in the past few years. The company. known largely for its dairy operations, has a profitable indus-

hy one analysi at more than \$2 billion.

Mr. Kazarian told Borden executives of plans for an "equity injection" of \$200 million to \$500 million. He and his team would evidently then step in and run the company, but it was not clear how Borden shareholders would immediately benefit from that,

(Bloomberg, NYT)

U.S./AT THE CLOSE

American to Save by Grounding Jets

NEW YORK (AP) - American Airlines said Friday it planned to ground 18 jets through next year as a way to compete against

ess-expensive rivals. More jets would be taken out of service unless American's pilots agree in contract talks to help the company lower costs. said Robert Crandall, chairman of AMR Corp., American's parent company. He added that the company had made "negligible"

progress with the pilots union. American wants to save \$1 billion a year, \$750 million of it in labor costs, so it can be profitable when it cuts fares to match rivals such as Southwest Airlines.

Western Union Loses Pension Debt

NEWARK, New Jersey (AP) - Western Union's pension fund liabilities will remain with its parent company instead of being assumed by First Financial Management Corp., which won the

bidding for Western Union Financial Services Inc.

A U.S. bankruptcy judge ruled Friday that the liabilities of several hundred million dollars would remain the responsibility of New Valley Corp., which should have enough funds from the \$1.193 billion sale of Western Union to cover the debt. First Financial said it would only pay \$797 million for Western Union if it had to take over the pension-plan deht.

Coca-Cola in South African Venture

JOHANNESBURG (AP) - Coca-Cola Co. said Friday it formed a bottling venture with a black-owned business in South

The Atlanta-based company and Kunene Brothers, operator of South Africa's largest Coca-Cola distributorship, each will own half of the new Fortune Investment Holdings Ltd.

Josephthal Acquires Biotech Broker

NEW YORK (Bloomberg) — Josephthal, Lyon & Ross Inc. said Friday it would acquire all the customer accounts and hire brokers from D. Blech & Co., rescning the New York investment firm from a cash crisis that forced it to suspend operations Thursday.

Josephthal will acquire Blech's New York and Florida offices, and retain 150 brokers. Blech specializes in buying into biotech-colory start-up comments.

oology start-up companies. Dan Purjes, Josephthal's chairman said that David Blech would not join Josephthal. He did not elaborate. Josephthal bought the company for its expertise in the biotech industry, Mr. Purjes said.

GM Sells Rent-a-Car Unit to Vestar

DETROIT (AP) - General Motors Corp. has agreed to sell its National Car Rental subsidiary to Vestar Capital Partners, a New York investment firm that specializes in management buyouts. Financial terms of the agreement, which was announced Thursday, were not disclosed, but a oewspaper report said the purchase

price exceeded \$1 billion. The deal calls for National to retain its 6,400 employees and fulfill a long-term contract to buy cars for its rental fleet from GM. GM said it was selling National as part of its strategy to focus resources on its core auto-making business.

Siemens, Corning Venture to Grow

CORNING, New York (AP) — Siecor Corp., a joint venture of Corning Inc. and Siemens Corp., agreed Friday to pay \$135 million for fiber optics-related businesses owned by Northern Telecom Ltd. of Toronto. Siemens Corp. is a unit of Siemens AG of Germany.

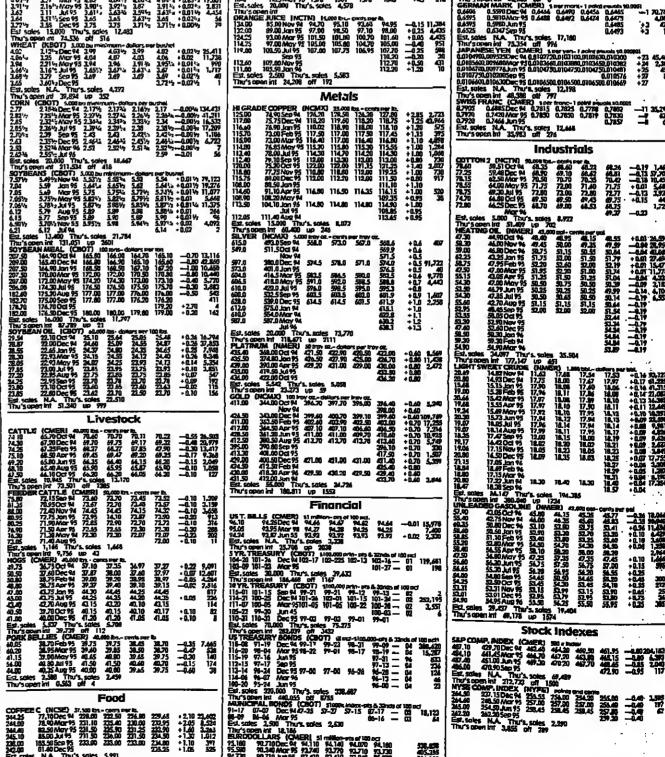
Siecor, an optical-fiber-cable maker, signed an agreement to huy Northern Telecom units in Canada, Mexico and Puerto Rico that make devices used mainly io connecting, protecting and managing telephone companies optical fiber systems.

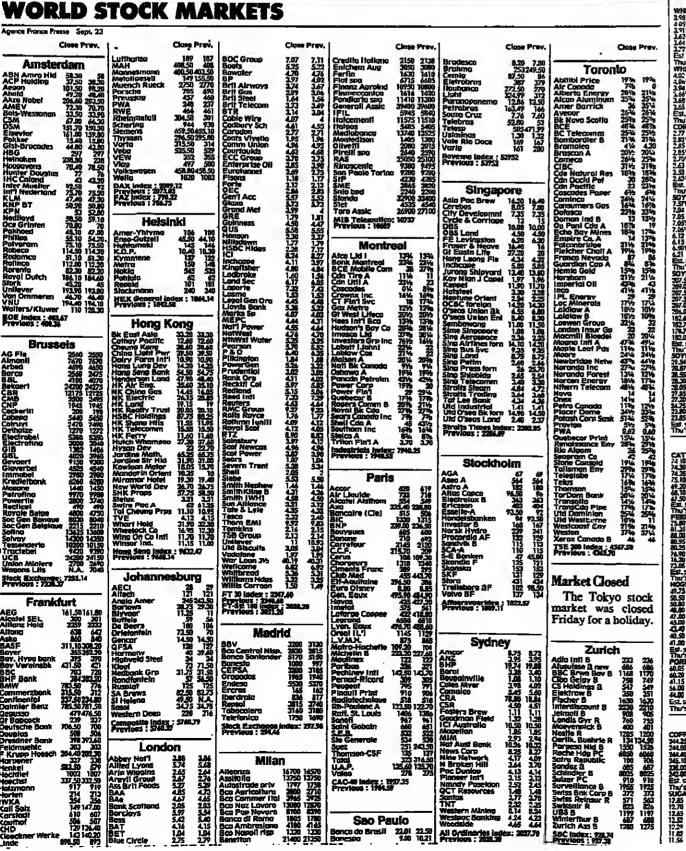
CompuServe Makes Internet Deal

NEW YORK (NYT) - CompuServe Ioc., a unit of H&R Block Inc., was expected to announce on Friday an equity investment in a one-year-old spinoff of Novell Inc. that provides fnternet publishing services to commercial customers.

The company, Network Publishing Inc., will work with Compu-Serve to help commercial customers establish a presence on an area of the Internet known as the World Wide Web. Together, the companies will help Internet customers manage security, perform customer billing and handle customer support, according to James Hogan, director of product marketing at CompuServe.

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MADRID - The Spanish cahinet on Friday approved a 1995 budget that it hopes will keep spending under control while belping to revive the flagging economy.

Solbes said spending would remain virtually flat after inflation but that the budget included several measures to stimulate the economy.

The budget will also help Spain meet the requirements laid down by the Maastricht treaty of 1992 for European Union member states to partici-

Investments Help Telefónica Unit

Bloomberg Business News MADRID - Telefonica Internacional SA, the overseas subsidiary of Telefónica de España SA, said Friday its firsthalf net profit rose 80 percent because of a sharp increase in

income from investments. The subsidiary earned a net II.39 hillion pesetas (\$89 million), while income on investments totaled 17.67 billion pe-

setas, up 103 percent. The company increased its stakes in Compania de Telefonos de Chile by 43 percent and in Telefónica de Argentina by 264 percent, which helped investment income.

The hudget estimated 200,000 jobs would be created next year. while the budget deficit would fall to 4.6 percent of gross do-Economy Minister Pedro get of 5.0 percent this year.

Mr. Solbes said spending next year would be moderate and below nominal GDP growth, in line with the goal of reaching the Maastricht treaty's public-sector budget deficit target of 3 percent of GDP by 1997.

He said the hudget would would "help the recovery while creating employment." The economy, he predicted, would grow hy 2.8 percent next year, after an expected 1.7 percent in 1994, with inflation at 3.5 percent, down from estimates of 4.5 percent this year.

Mr. Solbes said the hudget was an attempt to speed Spain's economic recovery and create iohs in two ways.

"First, there is a substantial reduction of the public-sector deficit, hy which we hope to ease the pressure on interest rates and facilitate their reduction," he said.

"In the second place, there are a group of measures that will allow a reactivation of internal demand, both in consumption and investment. In that sense, it is a rigorous and austere hudget, hut suited to the current economic situation," he

nothing ever happens."
Mr. Luzzati said the hijackings have added. (Reuters, Bloomberg) evolved into their own cottage industry

Rocky Roads for Truckers in Italy Bandits Turn Highway Robbery Into Big Business

By James Hansen International Herald Tribune

MILAN - Highly organized teams of thieves operating along Italy's super-highway system are hijacking trucks at a rate of about one every 80 minutes of every day of the year.

Bannits grabbed 6,655 trucks and cargoes in 1993 and Italian police data show the trend is holding this year, with 3,263 rigs missing in the first six months of 1994. "Italy has become the Bermuda Trian-

gle of European trucking," said Piero Marco Luzzati, general secretary of CONFETRA, a trade association grouping Italian transport companies. In 1992, when more than 8,000 semis

were stolen in Italy, only about 100 were stolen in France and less than 10 in Germany, said Bruno Taralletto, a researcher at Eurispes, a Rome-based think tank that has studied the problem.

Italian insurers estimate the overall cost of hijacking between 6 trillion lire and 7 trillion lire annually (about \$4 billion), according to Fabio Quaglia, a Milan-hased insurance broker. He said the missing cargoes alone were worth about \$1 billion annually.

Much of that loss does not come from Italian pockets, "Insurers here resell their risk ahroad," said Bruno Alpini, risk manager at Zusi-Ambrosetti Trasporti Internazionali SpA, one of Italy's largest trucking companies. "In monetary terms, 90 percent of it winds up with foreign underwriters."

Possibly because the losses are largely someone else's problem, the Italian government has been slow to address the

"We've been trying to get them to do something about this," Mr. Luzzati said. "Each time a new government comes in, we try to alert them to the issue, hut

that officials were hesitant to shut down. The dimensions of the phenomenon are so great that I suspect the government worries that shutting it down would throw a los of people out of work - and that's always politically unpopu-

lar." he said. Worried truckers have taken to traveling in convoys, especially in the so-called Mezzogiorno, the southern part of the country where organized crime makes the problem particularly serious. Some truckers have said the Army should protect major truck routes.

"A few years ago, we found it necessary to temporarily suspend service in

'Italy has become the Bermuda Triangle of European trucking.* Piero Marco Luzzati, head of an Italian trucking trade group.

the Mezzogiorno," Mr. Alpini said. The company has also closed its Naples ter-minal. "Beyond outright theft, attempted extortion and continual requests for hribes made the operation uneconomic."

Some larger trucking companies are experimenting with satellite tracking systems and radio-telephone panic huttons to protect drivers and their rigs, hut results so far are disappointing since police often fail to reach the theft site in time to intervene.

"The hijackers will take anything which can easily be resold," Mr. Luzzati said. "Consumer electronics and small appliances are high on the list, but so is cheese, clothing and even low-end perfumery like deodorants and after-shave."

been identified and re-old before they even leave the terminal," he said. "It requires a large and efficient organization to dispose of a tractor-trailer load of egg beaters in a few hours, and you've got to know it's coming."

He said he was convinced most hijack-

ing was done to order. "These loads have

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Although police have been singled our for criticism, Mr. Luzzati said some drivers appear to be more willing victims than others. "Some truckers seem to have astonishingly bad luck," Mr. Luzzati said, adding that some drivers had lost more than 10 loads.

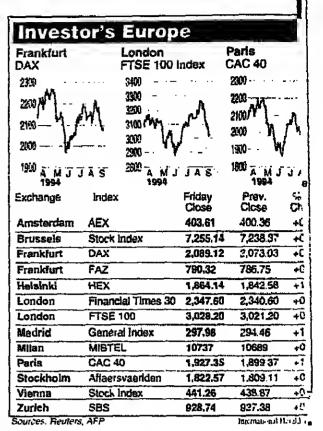
Insurance companies have taken notice of the problem and the result has been almost an unofficial blacklist of allegedly less-than-honest drivers.

Insurers are beginning to exchange information about lost cargoes, especially since foreign underwriters are much less willing than before to reinsure this risk," Mr. Alpini said.

According to Paul Little, chief of the cargo division at the British insurance broker Lowndes-Lambert Group Holdings, "many underwriters, certainly in London, now exclude Italy from normal rating schedules and will either ask higher premiums or, for the most oart, simply refuse coverage."

Italian police, stung by the implicit suggestion that they cannot keep order on the highways, cite a sharp drop in reported hijackings between 1992 and 1993 as proof they are finally beginning to come to grips with the epidemic of highway rohbery. Hijackings fell 19 percent from 1992 to 1993, after rising 20 percent from 1991 to 1992.

"Unfortunately, that drop only reflects the collapse in demand as the re-cession hit," Mr. Luzzati saio, "This thing is so big it obeys the same laws of macroeconomics as any other major industry. As the economy comes back, so will the thieves."



Very briefly:

 Arbed SA said the Luxembourg steel company had narrower first-half loss to 756 million Luxembourg francs (\$22.7 million) compared with a 3.03 billion loss a year ago, as sales respercent, to 105.2 billion francs.

Standard & Poor's Corp. said it had lowered the rating Daimler-Benz AG long-term notes to AA-minus from AA, c., difficulties in the European automotive industry and world ... space markets, S&P also downgraded Airbus Industrie's long. deht ratting to AA-minus from AA because of the Da downgrade; Daimler owns 37.9 percent of Airbus.

• Germany's upper house of Parliament, the Bundesrat, blc. the government from licensing companies to deliver p:... matter before the post office's monopoly is lifted next year.

The Bundesrat passed a hill that paved the way for Siemens a Thyssen AG, and Daimler-Benz AG to build a high-speed mag. ic train and operate an 8.9 hillion Deutsche mark (\$5.6 bill. Hamburg-Berlin rail link.

VOTE: Poll Makes Investors War

DISNEY: Executives Say Operations Suffer Consequences of Falling Out Between Eisner and Katzenberg

Continued from Page 9

role in animation and even taken some credit for the new film 'Quiz Show," approved by Mr.

The level of rage between Mr. Eisner and Mr. Katzenberg hardly diminishes their extraordinary success.

Except for "Jurassic Park," which was made by Universal Pictures, the highest grossing films in history are from Dis-ney: "The Lion King," "Alad-

NYSE

Friday's Closing
Tables include the nationwide prices up to
the closing on Wall Street and do not reflect
late trades elsewhere. Via The Associated Press

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Beast,"

climbed to \$8.5 billion last year television production with hits from \$1.45 billion in 1984. Shares of Disney trade near \$40 currently, up from \$3 in 1983. had the sheer force of personal-(The company's main problem ity to energize Disney's merin recent years has been theme chandising of products Mikey' emharrassed Mr. aggressive style is among the parks, notably Euro Disney- spawned hy animated films. land, near Paris.)

growth of the whole company.

din" and "Beauty and the berg ran the movie side of the company, including animation: The company's revenue dominated Disney's successful like "Home Improvement," and, perbaps most important,

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"The Lion King," for exam-Mr. Eisner oversaw the ple, is expected to earn \$1 billion worldwide, partly because from its theme parks to its of its merchandising and video within the company as too agstores to its films. Mr. Katzensuccess.

24

Joy Luck Club" and "Quiz but brushing him aside, Show." But other films like In fact, Mr. Eisner's dissatis-

made it plain that he saw Mr. Katzenberg's efforts to rise

Yet Mr. Katzenberg's record that the studio chief bad made a growth of the company during was not flawless. He oversaw mistake in not only taking over dozens of movies in the last two animation from Roy E. Disney. years that were duds. There the vice chairman of the compahave been exceptions like "The my and nephew of the founder,

"Hocus Pocus" and "Life with faction with Mr. Katzenberg's roots of their rift. Others in-Moreover, Mr. Eisner has clude Mr. Eisner's unhappiness with the studio's nonanimated films and the sense that his pro-

tege was crowding him. Mr. Eisner has denied that the departure of Mr. Katzenberg, 43, came about hecause supporting freeway projects Mr. Eisner viewed Mr. Katzen-constituted a major victory. berg as a threat. Instead. Mr.

the last 10 years required him to decentralize the organization.

Showdown in Virginia Opponents of a Walt Disney Co. theme park in Virginia, which gained two important approvals this week, vowed to attack the project on new fronts,

the Washington Post reported. Approval on Wednesday from area road planners and Prince William County, Virigina planning commissioners for the \$650 million park and its

Disney executives and county

Continued from Page 9 primarily be financed by higher

market research firm in Lon-Goldman, Saclis & Co. economisis warned of "potential detrimental impacts of such a

combination on budget deficits and bond yields." While markets worry about the policies of a grand coalition that would include the Social Democrats, their worst fear is that the ruling coalition could

nior economist at the IDEA

entirely exclude Mr. Kohl's Christian Democrats. partner in any kind of government, I don't see any change, because the big subjects of gov-

ernment have to be done in accordance with the Bundesrat, where the SPD holds the upper hand anyway," Mr. Grandinger said, referring to the upper house of parliament. A Social Democrat majority

in the Bundestag, or lower house, on the other hand, would likely doom prospects for a deregulation of shopping bours ment economic reforms soons. and a quick privatization of the German state telecommunica-tions monopoly, among other reforms scheduled or already under way, he added.
The Social Democratic Party.

which has strong union ties, has also campaigned for an ecological tax reform dreaded by German industry and said it would re-introduce a recently discon-tinued subsidy to construction workers who stay home when it

win, chairman of the American Chamber of Commerce in Ger-stitute, which conducted the poll many. "The CDU told us their goal is to downsize govern- last week, said in its summary.

ment," a program popular w business. 'The SPD's goal is a opposite," he said.

taxes," said Jeffrey West, a se-Gerhard Schröder, the Soc

Democratic candidate for ex nomics minister told the G. man newspaper Bild am Son. tag that cuts in subsidies to German steel and shipbuildi. industries would be "inapp. priate.

Market concerns about a S cial Democratic government fiscal responsibility have help, send bond yields soaring. Johahn Wilhelm Gaddu:

vice president of the Bunde bank said the next finance na: ister would have a more diff cuit ume cutur 1995 than in 1994. The Bund. hank worries about German; growing public deht no mat. which party is in power.

A fundamental difference be tween the two major parties : the speed with which the would be expected to imp...

ment reforms. Mr. Irwin of the America. Chamber of Commerce points. out that the Christian Deme crats would address and imple and more effectively than the

Social Democrats. Big business's fear of the Sc cial Democrats is matched by J growing unease among ordi

nary Germans. Asked in a recent poll whether they would rather huy a use. car from Mr. Kohl or Mr. Scharping, 69 percent of those surveyed opted for the incumbent and 31 percent for his

challenger. rains or grows cold.

"The SPD is not interested in cutting subsidies," said Fred Irthe world and should be taken very seriously," the Wickert Inamong 3,373 registered voters

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MICROELECTRONICS IN EUROPE

in the September 26th issue of the newspaper.

Eisner has told friends, the officials said Thursday.

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AMEX Friday's Closing
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Flee City In India Hi As BHP Profit 100% Advances 18%

Compiled by Our Staff From Dispatches SYDNEY — Broken Hill Pty. said Friday that a sharp trials after only in the Dry he many broadly from the rise in minerals earnings helped to raise net profit 18 percent in the three months to Aug. 31.

BHP, the biggest company in Australia, said net profit in its many New Deby to m. Comments of the comments o first quarter jumped to 372.5 million Australian dollars (\$274 million) as all divisions lifted their contributions except serthe trace was a sector vice companies, where profits eased, and the corporate sector, where losses widened.

The figure compared with net profit of 316.1 million dollars for the like period a year earlier. BHP said its minerals division contributed 227.4 million dollars aftertax profit, up 50 percent

a Real ordered to be from the year-ago period.

BHP shares closed at 19.74 dollars, down 14 cents, on the Australian Stock Exchange because investors expected a result closer to 400 million dollars.

Profit was aided by a 9 percent increase in sales, to 4.39 billion dollars.

BHP also increased its firsthalf dividend to 24 cents a share from 21 percent. "That's a very strong signal it's going to be a good year," said Tim Gerard, an analyst at Prudential Bache Securities.

Analysts said the result put the company on track to earn a record net profit of more than 1.5 billion dollars in the year to May 31, up almost 20 percent from 1993-94.

The consolidation of the Ok

and mill expansion at the Escondida mine in Chile were major contributors to the profit, the

company said. BHP said the steel sector's profit of 139.5 million dollars, barely above the previous year, was marred by repairs and the recommissioning of a metal coating line at its New Zealand operations and disruptions to coal production.

But all of the Australian steel units recorded better results and domestic sales continue to increase, reaching a five-year high of 1.12 million metric tons for the quarter.

It blamed reduced profit margins at its transport operations and lower results from insurance for a drop in profit by the service companies, to 10.9 million dollars from 18.7 million dollars.

Losses on intracompany transactions by BHP's treasury operations were the major factor in a widening of the corporate loss, which widened to 30.2 million dollars from 15.9 million dollars.

Profit from the petroleum division rose 7 percent to 143.3 million dollars, reflecting an improved contribution from BHP's Hawaii operations and increased sales volumes for

most products. "The improved result was achieved despite lower realized U.S. dollar oil prices and a higher Australian-U.S. dollar Tedi copper mine in Papua New exchange rate," the company Guinea, rising copper prices and said. (Bloomberg, Reuters, AFP)

Vietnam's Comecon Card Hanoi Revives East European Links

HANOI - Despite a hefty debt burden and not much investment money in the bank, Viennam and ex-Communist countries of Eastern Europe are starting to forge new relationships on the back of old friendships.

Vietnam remains Communist-ruled but is grafting a market economy onto its old command system, and the new relations with Eastern Europe are not political.

"These relations will be based on totally new foundations, mutual benefit and equality," said Nguyen Van Khieu, in charge of relations with Eastern Europe and ex-Soviet Central Asia at the Foreign Ministry. "It's not the way it was before."

The Viemamese say both sides bave agreed not to let Hanoi's debts stand in the way. "The governments bave agreed that the debt issue will not affect bilateral relations."

Mr. Khieu said. New links will be based on increased trade and, Hanoi bopes, investment flowing from the old East bloc into Vietnam.

Shipping, transport, construction, clothing and other light industry, food processing and possibly petroleum exploration are some of the areas in which deals may emerge.

Hanoi had close economie and political ties with Eastern Europe under the Comecon trade group, which was based in Moscow and now no longer exists. But the old friendships marked time after

Communist regimes in Eastern Europe fell in 1989 and 1990 and democratically elected governments took power. While these governments were finding their bearings. Vietnam was busy building up its

links with non-Communist Asia and the West. Now, both sides are ready to revive relations on the basis of old political capital, which includes thousands of Vietnamese officials and professionals trained in Budapest, Warsaw, Prague or Bucbarest and 30,000 students, workers and traders still living in Eastern Europe.

Hanoi set the ball rolling with a tour late last month by Deputy Prime Minister Tran

Due Luong to Hungary. Romania. Poland and the Czech and Slovak republics. It uncovered prospects for trade, which sagged to \$50 million last year from \$200

million in the late 1980s. Mr. Luong signed agreements on invest-ment promotion and protection with Hunga-

ry, Romania and Poland, on avoidance of double taxation with Hungary and Poland, and on trade with the Czech republic.

"The importance of the visit was that we prepared a new legal foundation for new

cooperation and relations in the future," Mr.

Khieu said. The problem of debt has dogged Vietnam's relations with its former allies in Comecon. But the amount it owes the East European

Thousands of Vietnamese officials were trained in Budapest, Warsaw, Prague or Bucharest and 30,000 Vietnamese still live in Eastern Europe.

countries amounts to only about 5 percent of its debt to Moscow and looms less large in overall relationships.

Vietnam owes Poland only \$7 million to \$8 million, for instance, Polish diplomats said. Since 1992, Vietnam has serviced its debt to the East Europeans in kind, mainly coffee,

rubber and other agricultural products.

In general the debt question is under consideration in a spirit of mutual understanding and friendship," Mr. Khieu said. With Hun-gary, for instance, plans are afcot for part of a debt incurred for construction of a light-bulb factory in Vieinam to be written off in exchange for equity in the company.

Lack of East European capital for investment is a major problem in building a new economic relationship. The region counts for tiny 0.3 percent of the total \$10 billion pledged in foreign investment to Vietnam since 1988.

ASEAN Reports Free Trade **Progress**

The Associated Press
CHIANG MAI, Thailand — Members of ASEAN made progress toward creating a freetrade area on Friday but decided it was unnecessary to take a united stand in the larger Asia-Pacifie Economic Cooperation group.

Economic ministers of the Association of Southeast Asian Nations approved changes to hasten and broaden the scope of the free-trade area their countries are trying to create. The ASEAN area has a domestic market of just under 340 million people with annual output of goods and services of \$430 billion.

The ministers endorsed a plan to reduce tariffs to near zero in ASEAN five years ahead of the original target date of 2008 and to begin broadening the number of goods covered.

They decided to include the highly protected category of agricultural products and agreed to cooperate in transportation, communications and infrastructure development to enbance trade among them.

The ministers said at the end of a two-day meeting that they bad agreed to act independently within APEC, which includes major trading partners such as the United States.

The decision indicated cracks in ASEAN -which groups Indonesia, Thailand, Malaysia, Singapore, Brunei, and the Philippines -despite vows by members to unite to strengthen their global position.

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Very briefiy:

 Shanghai class B shares, which are reserved for foreign investors. weakened 0.8 percent Friday on concern that China's economy was taking a turn for the worse because of a 50 percent jump in bank loans in August.

• China sentenced Guan Weiguo, the former chief regulator of securiues in the northeast China city of Shenyang, to six years in prison for taking bribes.

• China and Poland signed cooperative agreements in the construction and obemical sectors during a visit by Prime Minister r Waldemar Pawlak of Poland.

 Guangdong Investment's net profit for the six months to June 30 rose 40 percent, to 139.8 million Hong Kong dollars (\$18 million), helped by a 47 percent increase in sales at the holding company, to 1.27 billion dollars.

 Thailand's Economic and Social Development Board said the country's economy would expand by 8.4 percent this year, surpassing its previous projection because of rising exports and private investment.

Thai Brokers Sell Themselves Short for a Chance to Be Banks

selling bundreds of millions of dollars worth of ties Plc. "In Europe, rights issues are usually shares to their current stockholders at far less negative indicators about a company." than their market value in an effort to meet capital requirements to qualify for commercial banking liscenses. Analysts said Friday this trend could shake up both the stock market and the financial industry.

In the past six weeks, four of Thailand's five largest nonbank financial conglomerates bave

announced deep-discount equity sales.

Combined, the sales will raise more than 15 billion baht (\$601 million). The new stock is being offered at one-thirtieth, one-fortieth, even

one-one bundredth of the market price. "Thai investors take these deep discount sales

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OPPORTUNITIES

for granted," said Gerard Kruithof, research BANGKOK - That brokerage bouses are manager for Peregrine Nithi Finance & Securi-

In the case of the Thai finance companies -Finance One PLC, Phatra Thanakit Co., Nauon-Finance & Securities PLC and Dhana Siam Finance & Securities Co. - there is no sign any of them is in trouble. Each posted record earnings the first balf of the year.

The central bank has said that within two years, it will issue about five new commercial banking licenses to domestic finance companies. To qualify, the companies must meet the tenta-tive qualification of 2.5 billion baht worth of tive qualification of 2.5 billion baht worth of registered capital, a requirement that could be raised to 5 billion baht. The companies must also

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separate companies to qualify.

The main attraction of being a commercial bank is the ability to take deposits, something that finance companies can not do. That can be a big advantage in funding operations. But the buge capital increases will absorb a lot of money from the rest of the stock market, which has an average daily turnover of about 10 billion baht.

"That money has to come from somewhere." Mr. Kruithof, oi Peregrine Nithi Finance & Securities PLC. "Meaning from other stocks, in

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split their finance and securities divisions into Asoke Wongcha-um, executive vice president of separate companies to qualify.

Asoke Wongcha-um, executive vice president of Pbatra Thanakit Co.

"Finance and securities companies can use the new money for business expansion, while putting their balance sheets in place for the transition to commercial banks," he said.

Phatra Thanakit was the first major brokerage and lending conglomerate to announce its plans. Beginning Sept. 26, shareholders will be able to buy four shares for every one they own, each for 10 baht. Phatra Thanakit shares are trading at about 1100 baht each.

Mr. Asoke said the sale is "basically fair to everybody because existing shareholders will maintain pretty much the same percentage of

Philippine Investigation

Agence France-Presse

MANILA - The Philippines Securities and Exchange Commission said Friday it would seek help from Malaysia's stock-market regulator to investigate alleged insider-trading by companies involved in a deal with Ganda Holdings Bhd. of Malaysia.

The Philippine regulator is looking into possible vio-lations by Philippine Realty & Holdings Corp. and Interport Resources Corp., along with the Philippine Racing Club Inc. The companies' stock prices inexplicably rose in July and August. Ganda Holdings acquired

a substantial stake in Interport last month in a stock The Malaysian company also joined with Philrealty in

August to buy a 67 percent stake in Racing Club. The Philippine Stock Exchange subsequently suspended trading in Interport for two days, while Philrealty voluntarily suspend trading of its shares.

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FIRST COLUMN

A Worry That Wakes People Up

every now and then, tends to rear its head at about 3 o'clock in the morning. It works its way up from the depths of the subconscious until it forces you to open your eyes, stare at the ceiling. and look it squarely in the eye.

It prefers to wait until its prey has had at least 40 birthdays. And when it strikes, it can send chills up the spine. It is not the fear of growing old. It is the

fear of growing old and having no money.

This week's report on pension funds, which analyzes the topic of retirement income from a variety of perspectives, appears at a time when the subject of shrinking resources - both financial and environmental - has commanded the world's attention. The International Conference on Population and Development, for example, held earlier this month in Cairo, reaffirmed that overpopulation is a crisis that threatens the well-being of not just those in developing countries, where upward population growth curves remain steep, but of everyone.

Less discussed in Cairo, and a topic covered in this report, is a crisis of a slightly different nature, one expected to hit hardest at industrialized countries. It concerns the percentage of the world's population that will be coming into retirement age in the next century.

A fundamental problem for OECD countries, most of which currently have declining birth rates, is that there will be more and more people taking money out of corporate pension funds and national so-cial-security systems, and fewer and fewer people putting money in. Many developed nations have recognized the brewing trouble, but anything resembling a solution has

thus far been hard to come by. Investors, therefore, might be wise to take the prudent path: Start saving for retirement as early as possible; and don't count on national social-security plans

that might not always be there. Waking up to these realities might help you sleep a little better.

Not-So-Stodgy Pension Funds Catch Up With the 'Going Global' Times

By Iain Jenkins

RE PENSION FUNDS looking after your retirement properly? Will you be able to buy that bouse in the country you've dreamed about? What about those boli-

Much depends on the way pension funds allocate your assets. And in this area of investing, a quiet revolution is taking place.

Ten years ago, most pensioners were being paid from the profits of domestic investments in honds and, to some extent, in equities. Today, global pension funds are increasingly looking to international equity investments, especially those in emerging and offshore markets.

The sums involved are enormous. Since 1991, U.S. pensions funds alone have douhled their exposure to overseas investment to 8 percent. And the trend appears set to continue. Greenwich Associates, a Connecticut-based investment consultancy, forecasts that foreign assets in U.5. pen-sion funds will reach 12 percent within two and a half years.

"There has been a hig drive into international assets," said Rodger Smith, a partner at Greenwich Associates, "U.5. pension funds could eventually finish up with between 20 and 25 percent overseas. And equities, including domestic ones,

could make up 70 percent of their assets. What makes these changes so significant? Only twenty years ago, for example, most U.S. pension funds had their assets split fairly evenly between U.S. bonds and equities. Now, say observers, as much as \$30 hillion annually could flow from U.S. pension funds into foreign stocks.

In many other countries, the scale of the shift in assets is even more remarkable. In Holland, Switzerland and Germany, for example, pension funds have traditionally focused on domestic bonds. Now, they are joining the rush overseas. Dutch pension funds invested 15 percent of their assets outside Holland last year.

Gunter Ecklebe, director of interna-tional asset consulting at Frank Russell Co., a U.S. actuarial firm, said that the trend is toward a gradual internationalization of assets. "We already have clients with over 15 percent overseas," be said. "And for some, we expect that to increase to 20 percent hy the end of the century. Some clients are even looking at going as high as 30 percent."

One key to understanding the drive into P.C. overseas equities, say observers, is that, Pension Fund Management

Page 17

A renaissance for IRAs Doomsday demographics ? A U.S. battle for business New regulation in the U.K.



historically, equities have performed better than bonds. According to Chicagobased Ibbotson Associates, long-term U.5. government bonds earned a com-pound annual return of 5.02 percent between 1925 and 1993, while large-cap equities returned 10.33 percent and smallcap equities returned 12.36 percent.

The long-term dominance of equities was a trend that U.K. pension funds discovered in the 1960s, when Britain was dealing with an annual inflation rate of over 25 percent. Today, the British pension industry, the third largest in the world with assets of \$814 hillion, has 80 percent of its assets in equities. Moreover. 28 percent of British pension-fund capital is invested outside Britain.

Gordon Bagot, research director at the Edinhurgh-hased pension consultancy WM Company, said: "Equities have always delivered far better returns. In the 60s and 70s they were the only thing that gave any protection against a British infla-tion rate of 25 percent, U.5. pension funds didn't have the same inflation worries."

Some analysts feel that the reasons for the push into overseas and offshore markets are more complex. "Greed, or the search for higher returns overseas, is important," said David Booher, managing director of global research at InterSec Research Corp., a U.S. pension consultancy. But it is not the only reason for the internationalization of the U.S. pension industry. They are also hoping to reduce their risk."

Indeed, while emerging- and offshore-market investing might strike some as in-herently risky, the Nobel Prize-winning economists Harry Markowitz and Bill Sharpe have argued that hy investing in asset classes that behave differently from each other - no matter what or where they are - risk can be reduced.

A simplistic hut graphic example is the behavior of different groups of assets after the post-World War II oil- price sbocks. Equities plunged but anyone owning gold or otl assets made out well. In a somewhat similar way, pension funds hope that by

investing overseas they can reduce the risks of domestic setbacks.

Ironically, some pioneers of British pension-fund equity investment are moving out of equities. Andrew Wilson of the London-hased actuarial firm Watsons said that in the United Kingdom, "there will be a gradual switch from equity 10 fixed-income over the next 10 years."

Mr. Wilson's view is partly due, he said. to a feeling that equities can't repeat their performance of the past 10 years. It is also due, he added, to the mature structure of the British pension fund industry and to regulatory changes that are persuading managers to take fewer risks.

But Mr. Ecklebe at Frank Russell Co. took a more sanguine view on the idea of diminishing risk with global equities, specifically in regard to U.S. investors.

There is always the risk that in the shortterm you might have got the timing wrong," he said. "But in the long run, we believe that hy investing in a hasket of securities that move independently from the U.5. market, you have an aggregate reduction in risk."

Some analysts say that the rush overseas is likely to become a "virtuous circle," particularly in the emerging markets. In other words, attempts hy major U.5. pension fund groups to huy significant holdings in some markets bave the potential to drive up prices in general.

5uch possibilities, many add, combined with the high economic growth rates forecast for most developing nations, mean that emerging markets should outperform developed markets over the next decade.

Global Pension Funds

Pension fund assets in billions of dollars.

	Pension fund assets			% i	nvested a	broad
	1988	1993	1998 est.	1988	1993	1998 est.
United States	\$2,085.0	\$3,650	\$5,470.0	3.0	7.2	11,5
Japan	522.0	1,022	1,600.0	6.3	9.0	12.0
3ritain	456.0	814	1,050.0	18.7	28.0	28.0
Canada	145.0	350	350.0	6.1	10.3	16.0
Vetherlands	178.0	245	340.0	9.5	15.2	21.1
Switzerland	129.0	201	310.0	4.0	8.6	11.6
Sermany	75.0	118	165.0	3.8	4.5	5.1
Australia	44.0	80	145.0	9.8	15.4	19.4
Sweden	54.0	78	120.0	_	1,1	6.0
Denmark	27.8	52	85.0	0.4	5.7	8.7
rance	16.0	44	80.0	1.0	3.5	6.0
long Kong	7.0	23	67.0	62.1	56.5	61,1
eland	8.0	15	23.0	23.0	30.0	30.0
elgium	5.3	9	15.0	29.0	33.0	35.0
orway	3.7	6	8.3	_		2.5
est of the World	125.0	250	303.0	5.3	8.2	12.2
otal	3,880.8	6,857	9,808.5			
urce: Inter Sec Posean	th Corp.					

What Do Fund Trackers Pick for Their Own Pensions?

T is the business of fund-rating concerns such as Chicago-hased Morningstar and London-hased Micropal to know which funds are performing well, which are not, and why. These companies and the people who run them, moreover, have corporate and personal pension plans of their own.

Thus, a question that might pique the

curiosity of many investors is the following: Which funds are the fund-raters

themselves investing in?
Among the funds in Morningstar's employee-pension plan, says Morningstar Mutual Funds publisher Don Phillips, are the Vanguard Money Market

fund, for cash holdings, and T. Rowe Price's New Income hond fund. The Lindner Dividend fund is for more conservative income investors, Mr. Phillips said, while Fidelity's Disciplined Equity fund is an equity-index vehicle.

He added that Vanguard's World-In-

ternational Portfolio offers international exposure, while the Gabelli Asset fund is a value play. The Selected American Shares fund, the PBHG Growth Fund, and Fidelity's Low-Price Stock Fund are also part of Morningstar's stable.

On the other side of the Atlantic, Micropal chairman Chis Poll said he keeps his personal retirement money almost

exclusively in mutual funds and unit trusts. About 10 percent is invested in European funds such as Mercury's European Privatization fund and Baring's Emerging Europe fund.

While he also favors broad-based global plays like Templeton's Global 5trategy fund, Mr. Poll said that about 15 percent of his retirement money is in regional funds such as Lazard's Latin America funds and Fleming's Far East fund. Slightly less is held in countryspecific funds, including Genesis's Chile fund and Jardine Fleming's India fund.

-Baie Netzer

For Expatriates, a Barrage of Barriers

By Jack Anderson

¬ XPATRIATE EXECUTIVES might look at global retirement pension tables and wonder if they should start migrating to-wards Italy and Sweden rather than toward Venezuela, Taiwan or Korea, where there is no mandatory social security, sav-

ings or insurance system.

Of course, some countries face extreme financial pressure due to their generous retirement benefits, which are prompting discussions of private pension alterna-

However, as most expatriates realize, all home and bost countries with generous government or private benefits have created barriers of entry to full participation in retirement benefit programs, except for the stay-at-home executive.

"The significant problem for expatriates is that these barriers result in the expatriate executive coming to the end of his career," said Frank Burke, human resources director of Biogen Inc., the U.S. biotechnology firm. "All the pieces of his pension from the several countries he has worked in do not even equal the pension of his colleague who never left company headquarters."

Furthermore, such an expatriate pension would be in several currencies, with each separate pension subject to various and conflicting host country laws. Indeed, most expatriates lose twice: in the home country, as well as in the host country, and that is challenging the mobility of execu-

For example, an expatriate who, with-out planning, worked for 9 years with a U.S. employer, then 9 years with a French employer, and finally 19 years in Asia for a Japanese employer, would receive no public retirement pension from these 3 countries

The barriers to these countries' public retirement pension systems involve minimum periods of local employment, mandatory periods of local employment for a full pension (40 years in France, 50 years in the U.K. and at least 35 years in Japan), and limitations on the individual and corporate tax deductibility of private contribution payments for expatriate execu-

Of course, there have been attempts to eliminate these barriers, but they have generally only been effective for shortterm (five year or less) expatriate assign-

But even if the assignment is short-term and measures were applied to help make the expatriate's pension whole, many new expatriate assignments place Americans and Europeans in Asia, which has few treaties on social security with the West.

For example, Japan has no social-security tax treaties and neither does Korea. U.S. expatriates in Japan must make social- security contributions, along with their employer, to a Japanese system that will give them to benefits, unless they work more than 20 years m Japan. There are similar conditions for Japanese executives working in the States.

According to Bill Church of Ernst & Young in Tokyo: "In the case of the Japanese expatriate in the U.S., he will Source: Towers Perin

receive no U.S. retirement benefit unless he works more than 10 years in the U.S. And he will see his full Japanese social security pension, which is as much as \$52,000 a year — compared to a maximum social security benefit in the United States of \$21,000 — decrease due to his expatriate assignment.

Again, dne to the lack of a social-security treaty and inappropriate conditions in the income tax treaty, any voluntary contributions to the Japanese social-security system are additional taxable income in the States. And current company practices designed to meet these problems can create additional tax problems.

The lack of incentive to negotiate a social-security treaty is more understandahle, from a Western point of view, in the case of Korea, which has no mandatory social-security system for natioanls or expatriates. But not from the Korean expatriate executive's point of view who, for example, on an expatriate assignment to France, must pay into the French socialsecurity system along with his employer.

But he will receive no retirement benefits from the French system unless he is in France for ten or more years (although he would receive medical and some other benefits). In the meantime, he has less after-tax income to provide for his private and only retirement income, and his company also has substantially less after-tax mcome to help him.

Furthermore, if his company tries to help him while he is in France, the French income- and social-tax authorities may demand additional income and employee and employer social-security taxes of up to 120 percent of the annual amount of the private contribution. And that is before the expatriate "gross-up" tax, which can triple this cost.

Conditions such as these will continue

Retirement Nest Eggs? Executives pensions as a % of final volumeration White the same of and the state of t US 1000000 Hong Kong Brazil Mexico private plan Compulsory 5.00 X 22 Venezudo» - 9 20 40 60 60 100

for philogals working in home country.

to exist unless new agreements can be struck between nations that have an exchange of expatriate executives.

One might think that the profusion of U.S. treaties with Western countries bas solved problems and guaranteed mobility for expatriates in the West. Unfortunately, that is not the case.

All of these treaties, directives, agreements and regulations rely on four key assumptions which, if not truly part of the picture, make the paper they are written on worthless to the protection of the expatriate executive. If a single one of these assumptions is not met the special rules to protect an expatriate retirement generally do not apply:

 The first condition is that the expatriate's employer is astute enough to know that he has a retirement problem to resolve in order to secure the mobility of his expatriates. According to Edith Ringenbach, a human-resources consultant hased in Brussels, "Many of the new expatriates are not from the downsizing, Fortune 500 companies, hut from new multinationals which are putting their first expatriates on the global highway. And the company and the executive may not be aware of the sophisticated attempts to protect expatriates and they may stumble into the traps."

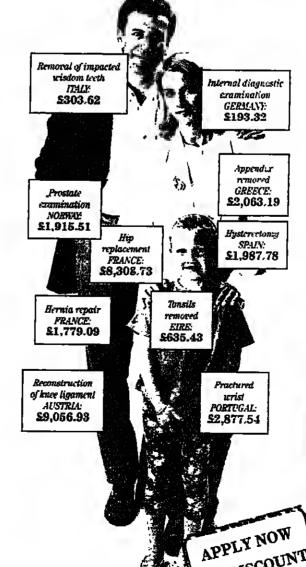
 The second assumption is that the expatriate is "seconded" or "detached" from the home country to the host country, and not "expatriated" to the host country. This is a question of legal jargon as well as of substance. If the executive does not maintain his links with the company in the home country and his assignment agreement is not carefully written. he may not benefit from the efforts designed to help him. This may have a negative impact on home country social security and private-pension plans, as well as on increasing costs for the employee and the

• The third and increasingly inappropriate assumption is that the expatriate executive is only on a short-term assignment for 2 to 5 years. Sean Dior, finance director of Slim-Fast Europe, the diet products company, states. "Many of the over 260,000 EU expatriates do not fit into this assumption according to a recent survey of EU executive mobility. Although cost efficiency may dictate a re-turn to home base after 3 years, many assignments continue with the prior success breeding new challenges that only the experienced expatriate can solve.

• The fourth assumption is that there is a "home country employer." There may have been one when the assignment began, but perhaps another employment opportunity has been found in the bost country. In such a case, even if the new employer is a multinational from the same country of origin, the paper designed to protect the wandering expatriate would be inapplicable. More frequently today, the initial joh offer is for a local hire in the host country. Here again, there is no bome-country employer and no applicable agreement.

JACK ANDERSON is a tax and legal Partner in the Paris office of Ernst &

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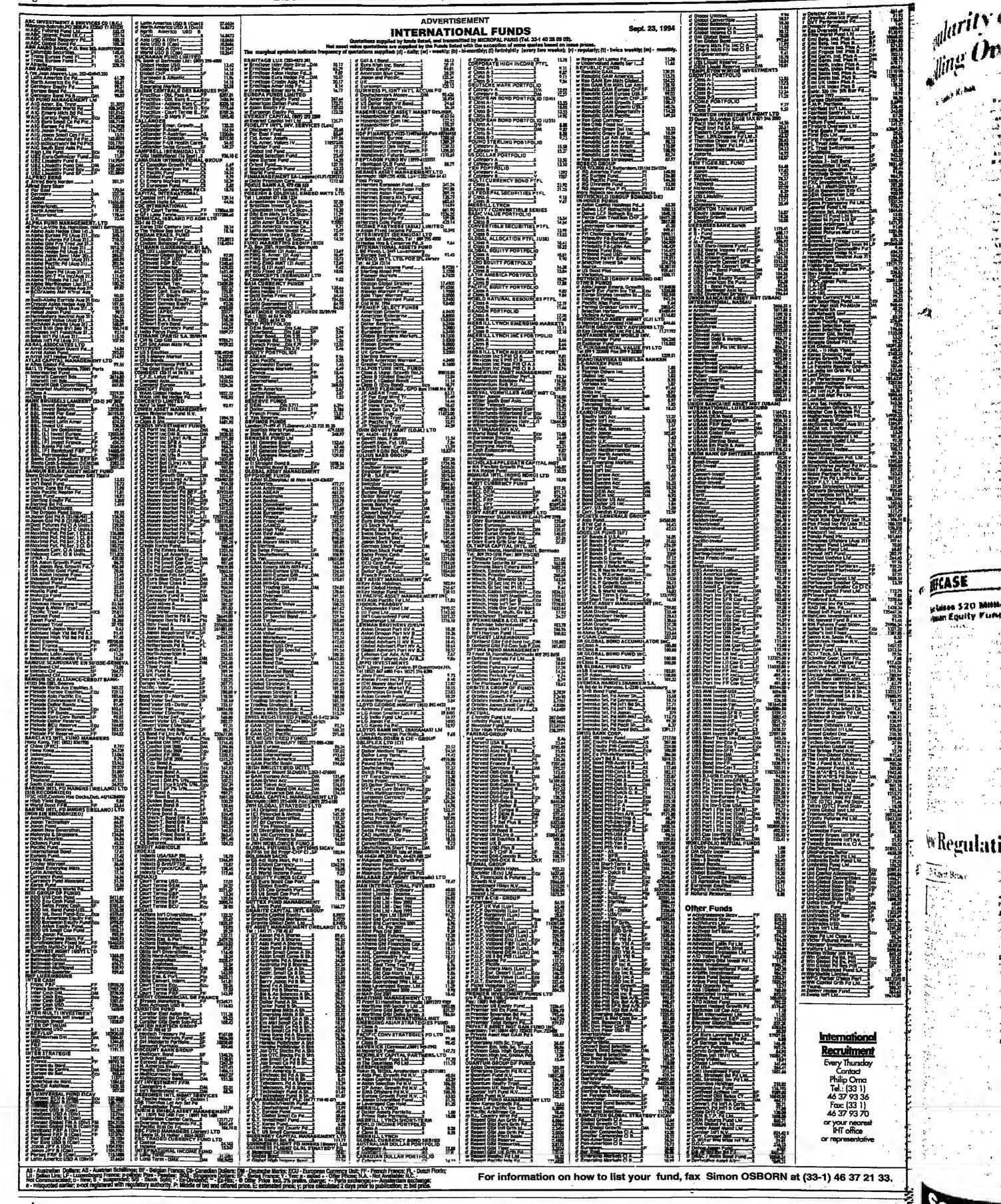
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	COUNTRY:	
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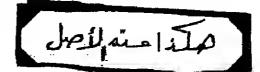


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ic. use Popularity of IRAs Is Rolling Over' a New Leaf

By Judith Rehak

MERICA'S Individual Retirement Account, viewed as dead and gone after its full tax-deductibility was removed for most investors in 1986, is alive and well. What is more, the IRA business is thriving, even booming. At discount brokerage Charles Schwab & Co., 154,000 IRA accounts were opened in the first eight months of this year, a 16 percent leap over the same period in 1993.

During the first two weeks of April, investors racing to beat the April 15th deadline for annual IRA contributions poured a whopping \$500 million into their accounts at Fidelity Investments, the Boston fund giant a 40 accounts. ton fund giant, a 49 percent increase over the like period a year earlier. And Merrill Lynch & Co., which owns about 10 percent of the IRA marketplace, has seen a surge in its business in "rollovers," company pension plans that are 'rolled' into IRAs.

The improving U.S. economy, more-over, has boosted the number of small, traditional IRAs coming in, according to John Michel, Merrill Lynch's vice president of individual retirement sales.

Once again, the force driving the IRA renaissance is a change in U.S. tax laws. As of the beginning of 1993, an employee leaving a company with a nest egg from its pension plan has been required to 'roll over that lump sum directly into another retirement account within 60 days, or face losing 20 percent of its value to pay future

The lucrative rollover marketplace, estimated at roughly \$100 billion, has set off a marketing war among IRA purveyors. Mutual fund marketing executives are rushing to eliminate or reduce fees to lure in rollovers, transfers from competitors, or brand-new accounts.

'The 1RA's 'administration' fee, once a standard feature at about \$50 a year, is disappearing or dwindling to \$10 a year on smaller accounts, and is often marketed with no-load funds as an investment

"Our One-Source mutual fund program attracted in excess of \$1 billion in the first quarter of this year, and the majority of it was related to our positioning of no-fee IRAs when the balance is over \$10,000,"

Regent Raises \$20 Million

Apparently, the MMM debacle hasn't

soured everybody on investing in the for-

mer Soviet Union. Regent Fund Manage-

ment has raised \$20 million for its new

White Tiger Investment Co., which will

invest in equity growth opportunities in

Russia. A total of two million shares have

been bought, chiefly by American and

Regent says that the fund will focus on fundervalued, asset-rich" companies in

the oil, gas, utilities, telecommunications,

property and shipping sectors, and is boldly forecasting that share prices in Russia will rise by 400 percent over the

Regent Fund Management is part of the

Hong Kong-based Regent Pacific Group

Ltd., which manages about \$2.2 billion in

a variety of funds. For further informa-tion, call Regent Pacific in London on

For Russian Equity Fund

BRIEFCASE

European investors.

(44.71) 332.0360.

said Hugo Quackenbush, a senior vice president at Charles Schwab.

Fidelity dropped most of its annual IRA fees last year, and eliminated commissions on all but a few of its funds if they were purchased for a retirement account. Even the Vanguard Group, the big no-load fund manager that touts its rockbottom management fees, bas lowered or eliminated most administrative fees, conceding that competition had forced it to

A second area of the 1RA marketplace showing signs of life is the 'non-deductible' IRA. Individuals who have a company pension plan, or who earn more than \$25,000 (if single) or \$40,000 (if married and filing B joint tax return), are not eligible for the maximum \$2,000 tax deduction, but they can still defer taxes.

"There's more of a recognition that tax deferral is very beneficial," said Mark Tulley, a vice president for retirement products at A.G. Edwards, a regional brokerage hased in St. Louis, Missouri. "Folks see it as a nice way to save." Still, say other analysts, non-deductible IRAs can be a tough sell.

"Deductible is an immediate reward, while non-deductible means there's a reward down the line," says Stephen Saw-telle, a division manager with Waddell & Reed Financial Services in Hamden, CT. You have to point out the power of deferred growth.

Such advice underscores a major trend m the saving-for-retirement business. Major brokerages and fund managers are getting into the 'investor education' busi-ness in a big way. Full-service brokers and financial advisers charge fees for person-alized service and specific advice on what to buy. Mutual fund groups like Fidelity, T. Rowe Price and Vanguard have sent out bundreds of thousands of free retirement 'kits' with generic information, asset

allocation suggestions and worksheets. The interactive revolution has even hit the scene. Some fund managers and investment advisers are producing computer programs for the do-it-yourself investor.

"We've seen a significant amount of interest in our software that lets you do your own retirement scenario," said Jill Ward, a vice president with Fidelity's retirement products marketing group. Fidelity has filled 50,000 requests for its retire-

in announcing that the fund was over-

subscribed, Sophie Shaw, a director of

Regent, said that "investors are recogniz-

ing that Russian sbares are undervalued."

Accelerated Death Benefits

A survey released earlier this month by

the American Council of Life Insurance

and LIMRA International, a trade associ-

ation of U.S. life-insurance companies,

showed that at least 18 million Americans

Accelerated death benefits, also known

as "living benefits." are provisions that enable insurers, under certain circumstances, to pay all or part of the death benefit to policy holders before they die. The purpose of the option, which was introduced in the United States in the

1980s, is to help the insured pay for the

costs of catastrophic illness, long-term

hospital care and nursing-home confine-

now own life insurance policies that con-

tain an accelerated death benefit.

Gaining Popularity in U.S.

Distribution of individual retirement

account assets.			
<u> </u>	1991	1992	1993
	%	··· % ···	% ′
Commercial banks	20.5	18.4	15.6
Thrits	13.9	11.4	8.9
Life Insurance compani	es 7,6	7.5	7.0
Credit unions	4.9	4,4	3.8
Mutual funds	25.7	28.3	33.1
Self-directed	27.5	30.1	31.6
(May not total 100 due		ling)	

ment-planning computer program in the

While analysts say there's no denying that these efforts are also marketing ploys by those who are pursuing IRA business, there is also considerable evidence that investors could indeed use more advice on retirement investing.

Mutual fund companies and buge brokerages like Merrill Lynch, a major player in company retirement plans, have gained a foothold in the IRA rollover market because their funds are typically used for investing in company pension plans such as 401k vehicles. Increasingly, these groups are also providing seminars and other 'exit' information for people leaving companies, showing them bow to roll over their accounts without tax penalties.

But what of the investor who has no company pension plan and only an IRA to rely on? Financial advisers who work with individuals see a need for more professional advice. "One mistake is overdiversifying," said Mr. Sawtelle. "We've had examples of \$20,000 split up among 20 mutual funds. Every time a report comes out in some newsletter or magazine, \$1,000 goes into the fund."

Another error, say some analysts, is putting IRA money into municipal bonds, whose already tax-free interest, ironically, becomes taxable when beld in an IRA.

Most unfortunate, say purveyors of retirement accounts, are the millions of Americans who still need to get the IRA message, "Roughly 50 million Americans are still eligible for at least a partial deduction," said Miss Ward of Fidelity, "And a good number haven't taken advantage of

some form of accelerated death benefit.

including 21 of the 25 largest companies.

an increase of 90 percent since a similar

Lazard Launches Unit Trust

Lazard Investors, the London-based

unit trust manager, bas announced the

imminent launch of the Lazard Brewers

Investment Trust, which will invest princi-

pally in quoted equities of U.K. regional

hrewers, pub concerns and other small

companies engaged in the production or

sale of drinks. Some U.K. beverage-sector

analysts have said that the British brewing

The fund's prospectus is expected to he published by the end of September. For

further information, call Lazard on

Next week in The Money Report: an

industry is ripe for earnings growth.

(44.71) 588.2721.

inside look at insider trading.

That Targets U.K. Brewers

survey was carried out in 1991.

Where the IRA Money Is Demographic Time Bomb Still Ticking

More developed regions 7.6

Retirees' Swelling Ranks

World

Age 65 and over population as a percentage of total; percentage change 1990-2025.

Britain 10.7 12.9 15.7 15.6 15.4 15.8 19.4

France 11.4 12.9 14.0 14.9 15.6 16.0 21.2

... Italy 8.3 10.9 14.1 15.6 17.0 18.9 22.3

U.S. 8.1 9.8 12.6 12.6 12.3 12.8 18.5 Canada 7.7 7.9 11.5 12.0 12.4 13.3 18.6

Germany 9.7 13.7 14.6 14.8 15.5 18.4 20.5

5.4

1950 1870 1990 1995 2000 2010 2025

9.6 12.0 12.9 13.5 14.4 18.3

6.2 6.5 6.8 7.3 8.7

By Barbara Wali

ENSIONERS, quite naturally, expect their state pension rights to be bonored. But as reserves diminish and the percentage of elderly citizens in the major industrialized economies escalates, economists fear that future generations of pensioners will be left to fend for themselves.

Elizabeth Harwick, a research analyst at S.G. Warburg Securities in London bas recently completed a study on demographic trends. She notes that the over-65 age group currently represents just over 6 percent of the world's population but is projected to increase by over 50 percent to

percent by 2025.

The problem is especially acute in industrialized countries, where the percentage of those over 65 has advanced from 7.6 percent in the 1950's to 12 percent in 1990," said Miss Harwick."And it is projected to rise to 18.3 percent hy 2025, almost twice the world average."

With less money going into the state pension kitty and more workers joining the old-age pension queue, it is difficult to see how social-security systems will cope, particularly in countries with generous benefits, observers say.

Population projections show that the strain will be felt especially in Continental Europe and Japan, where the proportion of elderly people is expected to increase most rapidly," said Miss Harwick. "The U.K. and U.S. provide wide coverage in private pensions already, and it is likely that they will face less demographic pressure over the period from 1990 to 2010."

The rapidly rising number of retired people relative to the number of money earners - a statistic known as the "oldage dependency ratio" - may also affect the amount of available industrial labor.

"Past experience has shown that an economy grows when its labor force grows," said Russell Jones, chief interna-

Japan 4.9 7.1 11.7 13.9 16.2 20.1 24.4 Source: United Nations tional economist at the brokerage UBS

Phillips and Drew in London. "And al-

ready, many governments are anticipating

an inadequate supply of certain types of

Among the OECD countries, governments are faced with serious hudget deficits that will be exacerbated by increased government-pension liabilities. A recent OECD survey on current and future pension liabilities in industrialized economies showed that unfunded state-pension liabilities were highest in Italy and France. The survey also reported that state pension liabilities in the United States and Japan were partially offset by financial

assets beld in private pension programs. The state pension expenditure ratio in OECD countries is expected to sharply increase between 1990 and 2040, the year in which the old-age dependency ratio reaches its peak. The survey noted that Italy shows the sharpest increase in the expenditure ratio — from 11 percent of GDP to almost 23 percent — in 2040. In France, the ratio is calculated to increase from 9 percent in 1990 to 15 percent at the

"If governments intend to keep their debt levels within manageable proportions something will clearly have to give." said Michael Hughes, an economist with the U.K. based hrokerage Barclays de Zoelte Wedd. "Noises are being made. and the G7 governments are making a concerted effort to try and get people to

In 1993, Italy placed limits on the availability of state pensions and introduced tax incentives to promote a personal pension sector. Meanwhile, the French government is now looking at legislation which would permit the establishment of new types of personal pension funds. Legislators are also looking at increasing the pensionable age, commented Mr. Hughes. "Italy bas already extended this by five years and the New Zealand gov-ernment has bluntly stated that it will not be paying a pension until age 75."

Mr. Jones added: "Clearly, no one solution is ideal. People may have to get used to the idea that the aging proulation struc-ture marks the demise of postwar welfarestate arrangements."

The Money Report is edited by Martin Baker

Mutual Funds Battling Insurance Sector in U.S.

By Baie Netzer

T EW WORKING Americans would argue that their Social Security benefits will provide a measurable financial cushion when they retire. Indeed, if current contribution and payout levels are maintained, according to some estimates, the system will be bank-The survey also showed that over 215 rupt by 2036. U.S. life-insurance companies now offer

As a result, more Americans are counting on their own savings and on their employer's pension plans to finance their retirements. Experts say, moreover, that aggressive marketing efforts by mutual fund companies is winning business away from insurance companies, which have been a traditional provider of pension-oriented

Today, about 23 percent of all U.S. mutual-fund assets are held in some form of retirement vestment Company Institute. the trade association for the U.S. mutual-fund industry. in Individual Retirement Accounts, known as IRA's, over one-third is controlled by fund companies.

By marketing administrative services for the complex plans of large employers, these same companies have also managed to increase their share of private-trustee plans to 4.2 percent from 1.6 percent in 1983.

While that percentage may sound low, it is not insignificant given the size of the private plan arena: an estimated \$2.4 tril-

volving a series of regular pre- tual funds are now the most miums. The so-called "single popular investment option offered to participants in corporate profit-sbaring pension

The rise in popularity of muabout the new regime, bowever, tual funds since 1989 has also surance-company product, the fixed-rate guaranteed investment contract or GIC.

While there seems to be no end to the structures a U.S. pen-really set the rules by providing sion plan can adopt, there are toll-free telephone numbers two particular designs which and daily valuation to particiare growing in popularity: The defined-contribution plan and the IRA. Analysts say that mutanties are growing in popularity: The pants in 401k plans," said Scott Harrison, chairman of the National Institute of Pension Additional Institute of Pension Addi tual-fund companies enjoy a ministrators. "They also promarketing advantage where vide administration for the both of these products are con- large plans, whereas the insur-

Some pension planners add contract out administration bethat the booming demand for mutual funds — both by corporations setting up defined-contribution plans and by individuals saving for retirement - is due to the overall good performance of mutual funds over the past 15 years.

"In the past, a company would typically buy a fixed-rate contribution. insurance company product like an annuity or GIC for its plan," said Kerry LeCrone, a senior vice president at the U.S. pension consultant LCG Associates. "But the rise in stocks has convinced them that they account, according to the In- can earn excess return in equity funds. The companies we do business with don't use insurance companies at all because And of the \$857 hillion invested their services are just viewed as an extra layer of expense."

> Fred Hunt, president of the Washington, D.C.-based Soci-ety of Professional Benefit Administrators, added: "It looks like Social Security may not be there for the baby boomers when they retire. People who might bave been very conservative with their retirement savings in the past are now considering the equity markets because the common wisdom is that they offer higher long-term

Of course, there's nothing preventing an insurance com-pany from offering equity mu-tual funds. Many, in fact, have used variable-annuity products to offer a selection of their own in-bouse funds.

Few analysts bowever ex-pect the \$175 hillion business for variable annuities to grow at the same pace as retirement assets invested directly in mutual fund shares.

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"The mutual fund companies booming retirement savings ance companies are trying to

In a so-called 401k plan, employees typically put up to 10 percent of their gross salaries into a company fund invested in stocks, bonds and money markets, with income taxes deferred on the amount of the annuity contract for an insur-

In the lastest grasp for the tract."

market, discount brokerage Charles Schwah & Co. last spring began offering its entire selection of 300 "One-Source" funds from various companies to corporations setting up 401k plans. Marketing and administration of the plan is bandled by a variety of accounting firms acting in partnership with

"By selecting from a market-place of funds, you can easily switch between funds and fund families if you're disappointed with the performance," said Bob Starkey, a partner at the auditing firm Deloitte & Tou-che. "Once you've signed the ance plan, you're in the con-

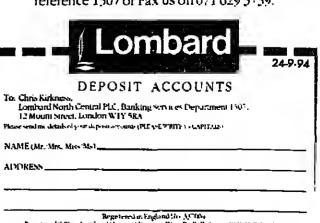
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New Regulation Roils British Pension Industry

By Rupert Bruce

N THE BAD old days, British pension salesmen often gave the impression that they sold their wares out of the goodness of their hearts. Little mention was made of the commissions they rectived. But times changed and the law required some salesmen to reveal their rewards. Now, things are changing

again. A new law effective at the beginning of 1995 will require all salesmen to tell investors exactly bow much money actually ends up being invested in their pensions and bow much gets eaten up in charges and commissions.

Much of the British life insurance and pension industry is up id arms, fearing that the commissions, which it deems reasonable and competitive with other types of pension producis, will be perceived as excessive by the public, costing the industry business.

Indeed, the industry has been fighting just such a law for years. But the British government, startled by a series of pension scandals and galva- just how barmful this regime nized by a need to encourage could be for the industry. The

savings through personal pen-sions, has acted.

The industry has responded with tales of woe. David Prosser, chief executive of Legal & General, one of the largest life and pension companies listed on the London Stock Exchange, accompanied his recent results statement with the gloomy prediction that the new regime would force some of the 100 to 150 life and pension companies into merging with their larger brethren.

And Mr. Prosser is not alone in his sentiments. Most of the industry has gone into a funk as it has mulled over the effect of the legislation on its profit mar-

The new regime will be phased in over the course of 1995. It is quite complex, but the most severe part concerns the disclosure of charges. So far, it only applies to the sale of life insurance and pensions, but Brinsh investment regulators are drawing up proposals that could apply similar rules to investment funds.

Scottish Widows, a large life and pension company based in Edinburgh, says it can illustrate

following is an example of what Scottisb Widows says it would have to tell a 29-year-old man who is earning £50,000 a year

65, and who wants to buy a personal pension. Say the man in question makes an initial payment of £2,000 a year, gradually increasing the annual contribu-tion until, in the 34th year, he contributes about £14,000.

Over 35 years he pays a total of £230,560 into the pension. But £49,400 of that goes in charges. Assuming a 9 percent annual growth rate in the underlying

portfolio, the charges would rednce the size of the fund at retirement by £196,000. On the other hand, the fund would still be worth about £740,000.

David Graham, head of marketing at Scottish Widows, is keen to explain that setting out the charges in cash terms makes them look worse than they are. In this example, he says, the charges only reduce the annual return from 9 per cent to 7.9 percent. In other words, there is an annual charge of 1.1 percent.

This, be adds, is less than the 2 percent typically charged by British banks on their accounts, and the 1.25 percent charged by (\$78,500), who plans to retire at many British investment funds.

Mr. Graham believes the new lion. regime may trigger a trend toward people buying savings about to be released by the
products that require just one Profit Sharing Council of
investment rather than those inAmerica, actively managed mupremium" products, he said, will appear cheaper.

with those of compentors.

Some life insurance and pen- plans. sion companies are enthusiastic

saying that the new disclosure nudged aside a traditional inrules will show the public that their charges are low compared

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SPORTS

NFL Salary Cap Doesn't Pinch, and Doesn't Hurt

WASHINGTON - The Washington Redskins lead the National Football League with a payroll of \$46.997 million, including pro-rated bonuses and player benefits, according to figures released by the NFL Players Association. Players Association.

The numbers also show that 18 of the 28 teams are over the \$34.6 million salary cap when pro-rated bonuses are included. Ironically, the 10 teams under that figure include the two-time Super Bowl champion Dallas Cowboys and two of the NFL's four 3-0 teams, the Miami Dolphins and New York Giants.

"This proves that teams can spend the money and they are speoding the money." the NFLPA spokesman Carl Fran-cis said. "If they want to sign a

a signing bonuses over the life quickest releases in football and of a contract so it doesn't count against the salary cap in one year, even if they pay the money during the first year. kings defense bas not allowed a quarterback to throw for 300 yards in 39 straight games; Ma-

back Heath Shuler's eight-year. Redskins includes a \$5 million the signing boous — a total of \$1.57 million — count against

the salary cap this year. In the same way, San Fran-cisco has been able to sign such

NFL MATCHUPS

players as Rickey Jackson and Deion Sanders and stay under the cap by including most of their payments in incentives or pro-rated boouses. The incentives, if they're not likely to be earned this year, don't count against this year's cap.

■ This week's games: Miami (3-0) at Minnesota (2player, they can find a way.

There's money in the system for every player."

Uoder the bargaining agreement rules, teams may pro-rate ment rules, teams may pro-rate as may pro-rate the system for puts heat on the passer and shuts down the rushing attack:

Dan Marino has one of the agrandation of the passer and shuts down the rushing attack:

Dan Marino has one of the 33 yards per catch, while Chiefs' can beat most pass rushes. Vi-

yards in 39 straight games; Ma-

SIDELINES

Singh Shoots 63, Leads by 3 in Golf

SAINT-NOM-LA-BRETECHE, France (AP) — Vijay Singh swept to a three-stroke lead Friday in the second round of the Lancome Trophy golf tournament when he sbot 7-under-par 63 over the 6,164-meter (6,741-yard) Saint-Nom course. Six successive birdies starting at the eighth bole, then a seventh

birdie at the 16th and a 5.5-meter (17-foot) putt that saved par at the 18th kept him three strokes ahead of Miguel Angel Jimènez,

Ian Woosnam opened up with three successive birdies and finished at 65-133 and was third. Severiano Ballesteros, tied with Singh after one round, carded

69 to claim fourth place at 134.

FINA: All Tests Negative in Rome LAUSANNE, Switzerland — Despite considerable speculation

that some Chinese womeo swimmers have been aided by performance-enhancing drugs, FINA, the sport's governing body, announced Friday that all 169 tests at this mooth's world champiooships were orgative.
Chinese swimmers won 12 of the 16 events for women and set

five world records in Rome.

In its statement, FINA said all winners and world record breakers in Rome were tested. So were medalists in the diving, water polo and synchronized swimming competitions.

Flyers Trade Soderstrom to Islanders

UNIONDALE, New York (AP) — The Philadelphia Flyers have traded 25-year-old Swedish goalie Tommy Soderstrom to the New York (slanders for a draft choice and Roo Hextall, a former Flyer goalie who was ineffective in last season's NHL playoffs.

 Dominik Hasek, the 29-year-old Czecb wbo won the Vezina Tropby as the league's top goalie last season, said he would be satisfied as the NHL's third highest-paid goaltender; be walked out of the Buffalo Sabres' training camp this week after turning down a three-year, \$6 million offer.

Welsh Lose Quinnell to Rugby Union

WIGAN, England (AP) - Welsh No.8 forward Scott Quinnell became the latest big-name rugby union player to switch to rugby league Friday when he signed for Wigan in a four-year deal worth \$600,000.

It was widely expected that the 22-year-old Welshman, whose father, Derek, also was a top rugby union player, would wait until after next year's World Cup in South Africa before making his

For example, rookie quarter-ack Heath Shuler's eight-year, leads NFL. The edge: Viking \$19.25 million cootract with the quarterback Warren Moon against Miami's banged up secondary. Oddsmakers favor Vikings by 3 points.
Atlanta (1-2) at Washington

(1-2): Redskins' Andre Rison has caught 23 touchdown passes in the last 22 games, while Brian Mitchell leads NFL with 19 yards per punt return. But Falcons, abused by last week, can be expected to blitz quarterback John Friesz quite often. Game rated even.

Cleveland (2-1) at Indianapolis (1-2): Colts have Marsball Faulk, who leads the AFC in rushing with 308 yards on 56 carries, but Browns are surprisingly solid on defense. It has beld opposents to 30.4 percent on third-down conversions. Browns favored by 1 point.

son leads NFL with an average 33 yards per catch, while Chiefs' plus-10 turnover ratio also leads NFL. They have never gone 4-0, until now. Chiefs by 15.

Tampa Bay (1-2) at Greeo Bay (1-2): Bucs are only team in NFL that hasn't thrown an interception, Packers' Brett Favre has thrown four, with three touchdown passes. More importantly, three Packer offensive linemen are out with injuries and Edgar Bennett, the leading rusber and receiver, might be out with a separated shoulder. Packers by 8.

Cincinnati (0-3) at Houston (0-3): Bengals are only team in NFL that doesn't have a sack, Oilers' offensive line has given up 14. The only sure thing: Someone is going to win their first game. Oilers by 9.

New England (1-2) at Detroit (2-1): Patriots lead league in scoring with 101 points. But Barry Sanders set Detroit club

101 Points But 102 Points But 103 Points But 103 Points But 104 Points But 105 Points But 106 Points But 106 Points But 107 Points But 108 P record with 40 carries (194 yards) against Dallas last week, yards) against Dallas last week, off return for Steelers is third in three turnovers, third best in and New England's defense still AFC, and running back Barry NFC. Jets' offensive line has has problems stopping the big Foster seems to be back in

play. Lions by 3½.

New Orleans (1-2) at San

San Diego (3-0) at L.A. Raidplay of team this week; be

Francisco (2-1): Saints' quarterback Jim Everett bas pulled

Stride. Seahawks by 1.

San Diego (3-0) at L.A. Raidjoined team this week; be
sbould help a lot in stopping the
Denver last week, but Charges

run. Jets by 7.

groin muscle that could hamper have the edge: Jeff Gossett's his mobility. 49ers' Steve Young 47.5 yards per punt leads NFL, must be wary of New Orleans' defense has 12 sacks, leading pass rush — linebacker Darion AFC, quarterback Stao Conner bas four sacks — but Humphries basn't thrown interception in last 140 passes and Pittsburgh (2-1) at Seattle (2- San Diego has won last three in

SOUTHERN HOSPITALITY - West Virginia split end Rahsaan Vanterpool

eluded cornerback William Yarborough's grasp, but No. 14-ranked Virginia Tech (4-0) rolled to a 34-6 victory at home when the defense got eight sacks, intercepted two passes and dropped the Mountaineers' ball carriers for losses eight times.

ratio is No. 2 in NFL. Rod N.Y. Jets (2-1) at Chicago (I-Woodson's 27.6 yard per kick-2): Bears have committed just given up just two sacks, and defensive tackle Tooy Casillas

Denver (0-3) at Buffalo (2-1): Broncos have allowed leaguehigh 110 poiots, while Bills' Andre Reed is second in AFC in receiving with 308 yards. And, there's oo place worse than Buffalo oo a Monday night. But, Bills have a sbuffled offensive line and beat Houston last week on five field goals, Bills by 8,

Open date: Arizona, Dallas, New York Giants. Philadel-

The matchups were compiled by Timothy W. Smith of The New York Times

The U.S. Labor Games

Baseball Strike Angers Congress

WASHINGTON - Major Congress.

Both during and after an of-ten-combative House subcom-lective bargaining agreement. acted before early next year.

Representative Jack Brooks, the Democrat of Texas who is chairman of the House Judicia-

Fehr, told the subcommittee oo the NHL Players Association, economics and commercial law Goodenow said Thursday's passed.

Bud Selig, the acting commis-sioner, making his fourth ap-pearance before a congressional to meet Monday in Toronto.

Oct. 1 Deadline Threatens NHL

New York Times Service

NEW YORK - Another league baseball's longstanding U.S. sports labor confrontation exemption from federal anti- has turned threatening, with the trust laws apparently is in great- National Hockey League Comer danger than ever before of missioner Gary Bettman saying being repealed or limited by the start of that season will be postponed unless the teams and

mittee hearing Thursday, law-makers pledged to increase their uled on Oct. 1 without a new efforts to pass a hill to at least contract would put the "season limit baseball's antitrust exemp- at risk," Bettman said Thurstion, but conceded that such leg-islation is not likely to be en-would be vulnerable to a strike during the season, similar to

ry Committee, said that, for the of a strike, hockey has an unfirst time, he will support the usual window of opportunity movement to repeal the anti-trust exemption established by the Supreme Court in 1922.

The union chief, Donald

To exposure next month, a situ-ation acknowledged by both Bettman and by Bob Goo-denow, the executive director of

that the players would end their threat was "strictly a pressure strike if such legislation was play, not unexpected" that "will not move the players on key

committee or subcommittee. Five days before the seasons played down the significance of opens. Bettman said coming to Brooks's announcement. "I an agreement "will be difficult" really believe this will not be but "woo't be impossible." settled in the halls of Con-gress," be said. Goodenow said, "I wouldn't disagree with that."

NBA and Its Players Back in Court

NEW YORK - The legal power struggle between the National

NEW YORK — The legal power struggle between the National Basketball Association and the players' union moved into a federal appeals court, where the union sought to reverse a lower court ruling that found that the salary cap, college draft and right of first refusal signing system do not violate antitrust law.

The unioo cootends that after the collective bargaining agreement with the league expired June 24, the three disputed policies fell out of the jurisdiction of federal labor law and became provisions restricting the free-market opportunities of players from the day they are drafted to when they retire.

The league disagrees, "This is a dispute over terms and conditions of employment that is governed by federal labor laws," Jeffrey Mishkin, a league lawyer, told a three-judge panel of the 2d U.S. Circuit Court of Appeals oo Thursday.

"Antitrust law should not be used to subvert federal labor law."

In July, the union failed to persuade U.S. District Court Judge Kevin T. Duffy that the expiration of the agreement extinguished its collective bargaining relationship with the NBA. Duffy ruled that the league is protected from the anotitust laws by a nonstatutory labor exercise. that the league is protected from the anotrust laws by a nonstatu-tory labor exemption.

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Nippon Ham 43 /3 Friday's Results

NHL Presesson

Chicoso S, Las Vegas (IHL) 4 Vancouver 7, Phtsburgh & Son Jose 3, New York Rongers C

SOCCER STALLAN CUP Second rasad, second leg Roma 2, Florenzyala 1 (Roma won 5-1 on auguresale)

FRENCH FIRST DIVISION Montpellier 2, Mondou 2 Stondlags: Norries 21, Lyon 20, Lens 16, Comen 16, Soint-Etienns 15, Strodours 15, Martigues 15, Bordoux 14, Poris 51, Germain 14, Auperre 13, Roynes 12, Nice 12, Bostia 11, Socheux 16, Mondou 7, Le Hovye 4, Lille 1, Montpellier 7, Nietz 6, Colin 3.

MICHIREI OPEN Arty Freder (7), U.S., def., Kans Ende, Jo-pan, 6-2, 7-5; Arentwa Sonchet Vicerio (1), Soolis def., Marianne Werdel, U.S., 6-4, 6-9; Gobriela Sobatin (4), Arpentina, def. Al Sugi-

on. 4-3, 6-7 (5/7). 7-5: Nama Miyaa

States of the second second second BASEBALL American Leopae 805TQN—Fired Charile Mass, trainer, An-nounced they have reached a two-year work-

west League.

OETROIT—Announced they have reached a two-year working agreement with the Jacksonville Suns. St... NEW YORK—Exercised the option on Mike

Notional League
COLORADO—Amounced a two-year working agreement with New Hoven Ravens, EL.
LOS ANGELES—Amounced they have San Bernardina Sairtt, CL.

BASKETBALL L A. CLIPPERS-Resigned Kelth Junes, Wellman director of scouling. Re-signed Har-old Elits, forward. CHICAGO—Re-signed Bill Wennington.

center, la multiyear contract.
GOLDEN STATE—Signed Dwayne Mor-

1-year contract, FOOTBALL National Football Leopue CINCINNATI—Claimed Breft Wallerstedl.

man, defensive linenum. Staned Freddie Joe Numn and Al Nosa, defensive lineman. L.A. RAMS—Placed Kelth Laneker, quard.

M.Y. GIANTS—Released Mark Jackson. Adereceiver. Claimed Coleman Rudalph, defensive and off walvers from N.Y.Jets.

Noticeal Hackey League
NHL—Suspended Pittsburgh Center Show McEachern without pay for first 3 pames al season and fined him \$500 for slashing leg of Washington Capitals defensemen Calle Jo-hanson during Garna 6 of Eastern Confer-

from Son Olego, IHL, Assigned Denny Lan

N.Y. ISLANDERS-Traded Ron Hextoll TORONTO-Assigned Mark Devell, center

lo Saskotoon, Western Hockey Leopue: Eric Ficherud, godilender, to Chicoulimi. Quobec Major Junior Hockey Leopue; Sean Hos-perty, left wins, to Delimit. Ontaria Hockey Sornia, OHL. WASHINGTON—Announced Brandon Witt,

Kent Huist and Martin Gendron, right who Mike Bobock, center; Jim Carev, goaltend and Steve Pagest, defensemen, to Portland AHL, and Nolan Baympartner, defensemen to Kamioons of the Western Hackey League

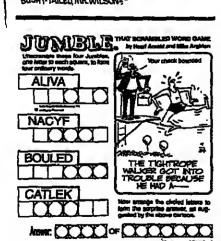
COLLEGE

LEWIS&CLARK—Fired Tom Smythe foot

DENNIS THE MENACE



"How come you never wake up Bright-Eyed and Bushy-tailed, Mr. Wilson?"



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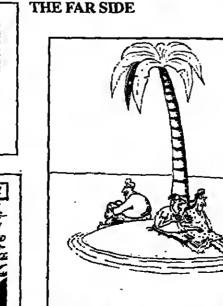






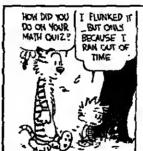
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"What? You've met someone else? What are you saying? ... Oh, my God! h's not what's his name, is h?

CALVIN AND HOBBES









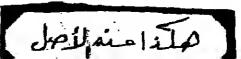
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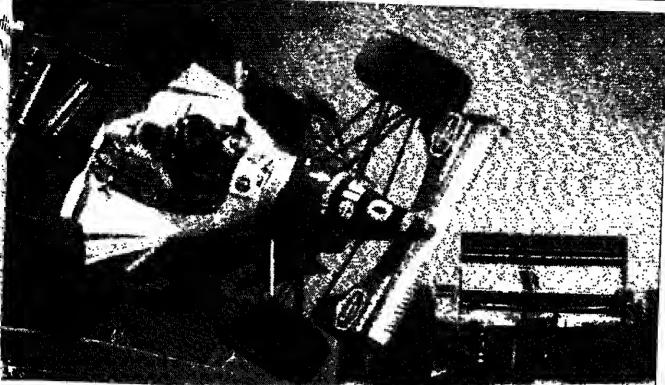


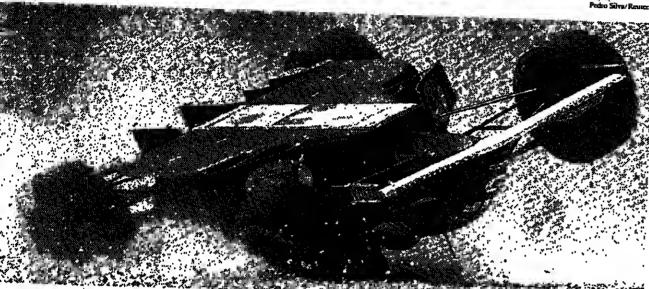
BLONDIE





Labor SPORTS





(Ill in All, Hill's Day

ESTORIL, Portugal - Damon Hill, the Britdriver seeking to close on the Formula One d escaped injury Friday when his Williams-nault overturned during a spectacular colliat at the first qualifying session for the Portuese Grand Prix.

With just minutes left in the session, the Jordanirt of Northern Ireland's Eddie Irvine skidded t of control, spun and clipped Hill's car. The lliams flew into the air, somersaulted and landupside down in the sand beside the track. Hill's belinet hit the ground as the car landed,

t he walked away from the crash and did not ed a medical checkup. Considering it was the first time I'd been

side down in a Formula One car, I'd say it nt rather well," he quipped. Race stewards exonerated Irvine of blame, as

· I Hill, who said, "It was kind of unavoidable. 'We can laugh because I'm not burt, bui I aldn't want to do it too often."

47 Sailors'

interjections



Russia Leads by 2-0 in Germany, U.S. Also Wins First 2 Singles Stich May Drop Out

After Death Threat

HAMBURG - Michael Stich, playing under a death threat on the court where Monica Seles was stabbed, lost Friday to Alexander Volkov as Russia stunned de-

fending champion Germany and took a 2-0 lead in their Davis Cup semifinal.
Yevgeni Kafelnikov beat Bernd Karbacher, 7-6 (7-2), 6-1, 2-6, 6-4, in the opening singles match of the best-of-five series.
Russia is now one victory away from Russia is now one victory away from reaching the final for the first time since it joined the 94-year-old competition in 1962, then as the Soviet Union.

On a hard court especially laid on for Stich, Volkov beat the favored German, 7-5, 1-6, 7-6 (7-5), 6-4. Stich further stunned his team when he said afterward that he might not play in

Saturday's doubles.

"I can't say wby, first I bave to talk it over with captain Niki Pilic," be said. But a German Federation spokesman. Jens-Peter Hecht, said Stich had received a death threat late Thursday, and that authorities were investigating. Stich was ex-pected to decide Saturday whether he would play, Hechi said.

Seles, then the world's top-ranked wom-an tennis player, was stabbed in the back in April 1993 by a spectator who jumped from the stands at the German Open. Seles bas not played since.

"I knew Stich is a fighter, but in tennis everything is possible," Volkov, who is ranked 41st, said when asked if be expected to beat the German.

Volkov, already a break up and serving for the first set, committed a double-fault. But Stich dropped his own serve in the next game, beaten by a passing shot down

the line, and the Russian beld serve. Stich broke Volkov twice in the next set to draw even, and in the third broke for a 6-5 lead and was serving for the set when be hit a forehand into the net and allowed Volkov to force a tiebreak.

A double-fault by Sticb gave Volkov two break points. Sticb saved the first but then hit a foreband wide.

Switzerland 2, Indonesia 0; Jacob Hasek del. Benny Wilaya, 74, 6-2, 6-0; Marc Rosset del. Suwangi, 6-4, 6-3, 6-1.

Belgium 1, israel 1: Filip Dévoit, Belgium, det, Gliad Bloom, 6-4, 6-3, 6-3; Amos Mansdort, israel, def, Christoff Van Garsse,

Itaty 2. Hongary 8: Andrea Gaudenzi del. Jozsef Krocska, 6-

Volkov, a 27-year-old lefthander, broke ments," Karbacher said.

Results From the Other Davis Cup Group Playoffs



Michael Stich: To decide Saturday.

Stich at love to start the fourth set and held on to win the match, hitting a volley win-

ner on his third match point. "I wasn't concentrated, I was not at all on the court." Stich said. "I didn't react. I moved badly. But this is no excuse."

Earlier, Kafelnikov spoiled Karbacher's Davis Cup debut.

After winning the first-set tiebreaker, the 20-year-old Russian broke for 2-0 and rolled through the second set in just 24

He lost the third almost as fast, But the Russian, ranked 12th in the world after a rapid rise through the ranks

this year, survived two break points, served an ace and scored with a scorching foreband to take a 4-2 decisive lead in the final

He was never under pressure again and won on his first match point when Kar-bacher sent a forehand long, winning in two hours and 30 minutes.

"He is one of the top returners in the game. I tried to serve to the lines, but it didn't always work and be scored a lot with his returns," said Karbacher, who is ranked 33rd and who reached the quarter-

finals at the U.S. Open.
"He was just better in the decisive mo-

BEQUARTICAN ZONE GROUP 2. ROUND 3 Morocce 2. Latvie a: Hickam Arizi det, Armand Stromboch. 6-1,6-1,7-6; Younes Aynoouldet. Girts Dzelde, 5-7,7-6 [7-51,5-7,

Sampras Follows Martin to Victory

The Associated Press

GOTHENBURG, Sweden - Pete Sampras and Todd Martin posted four-set victories on Friday, giving the United States a 2-0 lead over Sweden in the Davis Cup semifinals.

Martin continued his mastery over Stefan Edberg, beating the Swede, 6-2, 2-6, 6-4. 6-3, in the opening singles of the best-offive series.

Sampras, playing his first match after a stunning fourth-round foss to Jaime Yzaga in the U.S. Open, then rallied to defeat Magnus Larsson, 6-7 (3-7), 6-4, 6-2, 7-6 (7-3), in a serve-and-volley shoot-out on the Scandinavium Arena's fast carpet.

Jared Palmer and Davis Cup rookie Jonathan Stark can clinch the Americans' victory if they win Saturday's doubles against Jan Apell and Jonas Bjorkman.

After losing the first-set tiebreaker, Sampras, the world's top-ranked player, took command hy breaking Larsson's serve early in the next two sets.

The fourth set went with service all the way, forcing another tiebreaker. But Larsson, who reached the French Open semifinals this year but has struggled during the summer with elbow problems, had his

In the fourth game, he had four break points, but Sampras held with a final ace. Larsson also had a break point in the eighth game, but again Sampras's big serve got him out of trouble.

Martin's victory was his third over Edberg in three matches this year. Ranked sixth, he rallied from a 3-1 deficit in the third set to turn around the match.

He fell behind, 1-0, in the third set after Edberg broke him in the opening game. Martin broke back in the eighth game, winning the first point with a perfect lob. He then beld to love and broke Edberg again 10 win the set.

Martin made some changes in the third

set, and they worked.
"The biggest change was my second serve," he said. "He was returning it very well, so I started hitting it harder and with a little more spin. It threw his timing off and belped me."

Martin broke for a 4-2 lead in the fourth set after hitting a forehand return in the open court on Edberg's weak second serve. 2.4-6.6-3.4-3; Renzo Furion del, Sandor Noszaly, 7-4 (8-6), 6-2.6-7 (5-7), 6-1 Austria I, Uruguay 0: Thomas Muster del, Diego Perez, 6-3, 6-2, 6-3, Crostia 2, Portugal 0: Igor Saric del, Nuno Marques, 6-3, 6-2, 5-6.3-6-6-4; Garan i vanisevic del, Emanuel Couto, 6-2, 5-7, 6-5, discussification. Edberg broke back in the next game, but dropped his serve again to trail 5-3 after starting with a double-fault.

Edberg double-faulted on several crucial points, including the final point in the second game of the first set that gave Martin a 2-0 lead. Edberg also ended the Godina 1, Stoyenso 1: Uziok Bozic, Stoyenic, Det. 1200c Lyni r.64,64,61; Fronk Ofort, Ghono v. Bkoz Trupel 04,64,62 fault that enabled Martin to tie at 4-4. hth game of the third set with a double-

BEASTLY PUNS by Nancy Nicholson Joline

Dupe Rope materials 48 De Brunhoff's pachyderm 49 Spiritualise's Li'l one San Antonio attraction 51 Sequel title start Profit 53 Cluck, crow, De Valera of fredand Creature not 56 Poop deck s et found? Celebrated 59 Tool handle 61 Forfett rightwad of old Zurich's and Zug's locale North Carolina college K follower "West Side Actress

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JAL now flies non-stop to Osaka from London and Paris.

87 They hardly give a hoot 88 Defect 89 Still-life subject (W.W. It plane) 91 Lamb products 93 Kind of bread 94 See 58-Down 97 "—— on parle français" 98 One-on-one **SPORT** 100 Easter preceder 102 Hot-rub locale 103 Uninvited swine? t07 Daily index, with "the" 109 Cleric, e.g. 111 Spreads (Whoopi's role 114 Hoo-ba 117 Nautical heading t 19 Followers of 121 Jurist Robert 122 Piquancy 123 Stole 124 Cougar 125 Biting,

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of the Czech Republie

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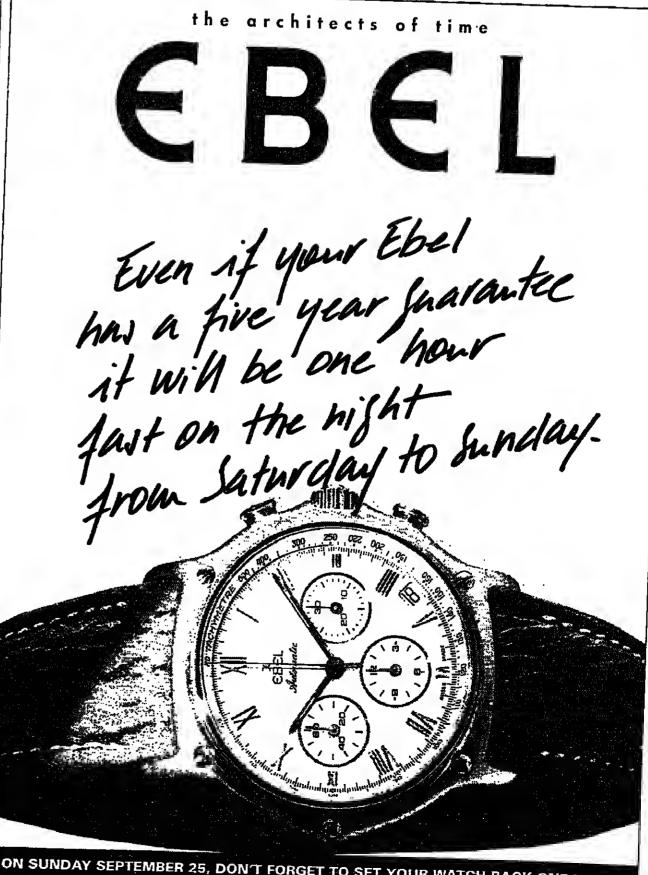
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maker supplier 1t5 He said "Everybody wants ta get inta da act t 16 Sevilles, e.g.

135 Soohia Loren --- Women 136 London loui 138 Juice drink 139 Driver's lic. and

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DAVE BARRY

Good Old Nuclear Days

MIAMI — Back in 1954, c. Not eat these last seven when the Russians were eclairs?" evil and I was a first-grader at Wampus Elementary School in Yes, you could have guilt-free fun during the Cold War, as op-Armonk, New York, the school authorities regularly conducted emergency drills wherein we students practiced protecting Ourselves from nuclear attack

by crouching under our desks. During the Cold War years I often wondered why it never occurred to our defense planners to protect the entire nation from nuclear attack by simply covering it with a buge Strategic Classroom Desk.

I now realize that our defense planners did not have time to be fooling around with ridiculous schemes like that. They were too busy spraying deodorant on cows. According to an Associated Press story sent in by many alert readers, the army recently admitted that in 1963 and 1964, army scientists went to stocksprayed them with deodorant." I am not making this up. The idea was to find out whether enemy agents could spray American cows with hoof-and-mouth disease germs, thereby spoiling our nation's beef supply.

Yes, it was a risky job. But somebody had to do it. Because for all we knew, somewhere over in the Soviet Union, Communist scientists, bent on world domination, were spraying deodorant on THEIR cows.

Of course those days are gone. Gone too is the very real threat that at any moment, a nuclear war could wipe out human civilization. I frankly miss it. I mean, during the Cold War, you could always say to yourself, "Hey, any minute now I could be blown to atoms, so wby should I [pick one]:

a. Clean the toilet?" b. Give up heroin?"

Europe

posed to now, when the prospect of reaching old age has turned us into a bunch of health-obsessed wussies, squinting at product labels in the supermarket, trying to locate the low-fat bean dip. Also, with the Soviet Menace gone, our government hardly ever does fun stuff anymore. I'm sure l speak for millions of Americans when I say that I'd rather see my tax money used for covertly spraying deodorant on cows than for printing up yet another 652-pound health-care plan.

Fortunately there is one government outfit that still has some ing four large buildings in suburban Virginia from the resi of the federal government. Unyards in six American cities and der questioning from a Senate "sneaked up on cows and committee, the CIA admitted it was building a \$310 million office complex that nobody, including President Clinton, knew anything about. And if you're wondering how a project that large could be kept secret, then you clearly have never seen the federal budget, which is larger than your garage. The CIA could easily have slipped \$310 million in there under a heading such as 'Snacks.'

> This story gave me a warm feeling. It reminded me of the good old days, when life was exciting and Communists were trying to destroy the nation's moral fiber via such tactics as "rock-and-roll" music and Richard M. Nixon was finding enemy microfilm in pumpkins and nobody bad ever heard of "dietary fiber." Just for old

times' sake, I'm going to crouch under a desk. Knight-Ridder Newspapers

The Mamur Zapt and Egypt's Edwardian Summer

ONDON — The country house

L mystery is, happily, long gone and the psychological thriller has joined the mainstream. What pleases these days in crime novels is historical periods and exotic settings. Enter the Mamur Zapt. For centuries the real-life Mamur

Zapt was the head of the khedive's secret police. When Britain became Egypt's de facto ruler in 1882 and Lord Cromer was named consul-general, the title of Mamur Zapt went to an Englishman who beaded the polit-

MARY BLUME

ical section of the police, a powerful position but complex since Egypt was still in principle a province of the Ottoman Empire and France was

also jousting for commercial power.

Described by one historian as "that anthology of disorder," Egypt had a judicial system based on the Napoleonic code, but in fact at least three legal systems were in use, in-cluding the Capitulations privileges which gave nationals of certain powers the right to be judged by courts of their own countries.

"Bluff was the thing on which the administration really depended; the kind of bluff that allowed three foreigners to run the police force and maintain order in a country the size of Egypt," Michael Pearce writes in his eighth Mamur Zapt crime novel, "The Snakecatcher's Daughter," to be pub-lished by Harper Collins next month.

Pearce's novels are set in post-Cromer Cairo, during the long Edwardi an summer afternoon when the delicate pobtical situation is further troubled by bectic bursts of nationalism and even liberal members of Parhament are saying that the British should clear out. The year is 1908 and the Mamur Zapt is a Welsh exarmy officer named Gareth Owen.

The lid's just beginning to come off and the nationalist pressure is just beginning to boil up so it makes the question of order, and therefore of policing, very acute," Pearce said, leaning back in a deck chair in his garden at Wimbledon. He is a tall and gentle man with a gap-toothed then Anglo-Egyptian Sudan.

"In a sense you could say that the daftness of British rule is being called into question and at the same time the daftness of the existing khedivial system is coming into question. As opposed to the daftness you have the naiveté of nationalist hopes - we're going to change the world, it's all going to be different. So you've got

all these things coming to a head."
You have indeed, and very neatly described, but what makes the Mamur Zapt series such a treat is that they are so affectionate and funny. "Tarbooshes off to the Mamur Zapt," wrote one critic and Pearce has won a crime writer's prize for the best comic thriller. It is called The Last Laugh award.
What he is writing is more social comedy than mystery books.

That is actually important to me. the social comedy. It's so important

to see people as people."

Being a Welshman of modest background, Owen has neither the blue eyes and yellow hair nor the university degrees of the other young Englishmen. He is less conspicuous than they in his white linen suit and tarboosh, more of an outsider and as a Welshman sympathetic both to nationalism and to the romantic and unreasonable discourse of the Cairo streets ("the usual problem with Egyptian witnesses was not that they could not recall but that they recalled too well").

He speaks Arabic as well as the ohligatory French of the upper classes and, for a policeman, is not very observant, which means that his girlfriend, Zeinab, is constantly catching him out. Zeinab is a vivid and witty invention since Pearce did not want to supply Owen with an English rose and meeting conventional Egyptian women was not easy at the time.

Zeinab is unconventional, highborn since her father is a pasha but freer than other Cairenes because she is illegitimate, her courtesan mother having refused to join the pasha's barem. Like other of her class, she prefers Cannes to Cairo and is only predictable at the opera, where she

pleasurably weeps from start to end. There is no lack of exotic detail (the ing about the state of Egypt and the

An excursion of Europeans with their guides to the Pyramids, 1910.

because what Owen and Pearce love man rights work for Amnesty Internamost is the bubble and bustle of Cairo streets, the elaborate chitchat, the lazy corruption of the ruling class, such as the prince describing the failings of a possible future khedive:

"He actually didn't know where Alexandria was, never mind Cannes.

Owen tut-tutted.

"Yes, said the prince, gratified, "and as for all that economics stuff! Not an idea. Of course I would not say that I myself had a total grasp of the subject but it is important, especially for a khedive, to know enough at least to be able to borrow intelligently." Pearce': Cairo is based on street

maps and memoirs, "The best memoirs are hy women because they have an eye for what is considered the trivial detail while the men are pontificatplural of dragoman, for example, is world." He is not trying for realism dragomans) or of colorful street life and two major influences are his hu-

tional and his former job as Dean of the Humanities at Kingston University. "Academic politics is very good

training for world politics," he says. From his university budget prob-lems he drew the idea of a strict Scottish parliamentarian coming to examine the accounts, leaving Owen in a spot about bow to conceal the considerable funds he requires for bribes. In "The Mamur Zapt and the Camel of Destruction," writing about property speculation in Ed-wardian Cairo, he was inspired by a recent attempt by the Wimbledon town council to drive a road through his neighborhood.

"I write about contemporary life through writing about the past. I like the sort of comic irony of it, I think it's the best way of handling a lot of issues." But be avoids the maybem of modern life: His thrillers are singularly lacking in murders.

"There's enough violence and death without adding to it in fiction, which doesn't make it an easy thing if you are writing crime fiction, I accept

He cares about his characters and dialogue and his opening paragraph but is unconventionally weak on his plots, which tend to trail off and then

get neatly sewn up at the end.

"Plot is not very important, as you've no doubt guessed. I need to take myself in hand. What happens is I think of the start of the novel, and particularly the first paragraph, and then it grows and I haven't worker out, except in rough terms, how it's going to end. I prefer to let it grow and develop out of the relationship of the characters."

Pearce is a member of the Crim Writers Association. "I'm not a great man for organizations, except Ame nesty. I've had enough conference and committees forever. But it's curi ous meeting crime writers in Eng land. They're terrioly gentle, nothing like academics. The nearest thing know is anarchists — such sweet and

At this point his books, like mos rime series, rely on formula at though he has dreams of using com-plicated literary devices. The formal is something he neither fully accept nor rejects.

"lt's something you have to reckor with, you can't move too far away from the formula because people look for some of the elements, the want to know how Zeinab's getting on. I think a formula gives reader confidence, people don't often give credit for that."

His comparison is with folk tales whose very predictability gives plea-sure. "It is amazing how many so phisticated people are not sophistic cated readers." Pearce said.

It is also amazing how unsophisti

"The marketing people though readers might be bewildered by th words Manur Zapt."

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.



North America

Europe

Asia
Heavy rain will dampen
southeastern Japan, Including the Tokyo area early red
week. Typhoon Orchd may
approach southeastern
Jepen by Tuesday, Much of
central and southern China
will have dry, warm weather
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PEOPLE

A N appeals court in Los Angeles has overturned an \$8.1 million judgment against actress kim Basinger for backing out of the starring role in the Main Line Pictures film "Boxing Helena." The court ruled that Superior Court Judge Judge Children Starring has been started by Judge Judge Sugar the Judge S Chirlin in last year's trial had given the jury improper instructions. The breach-of-contract award, which forced Basinger into bankruptcy, was one of the largest ever to hit Hollywood. Basinger had testified that no final agreement was reached and that she had chosen not to appear in the film because she would have had to perform in graphic sex scenes. The new ruling sends the matter back to Los Angeles Superior Court for a possible retrial.

Satisfaction in the consumer society The ultimate sign that there's nothing counterculture about rock, the new Rolling Stones credit card. The Chevy Chase Bank of Maryland and National Affinity Cards of Boulder, Colorado, are issuing a credit card illustrated with the band's lip and-tongue logo. "I believe Mick thinks it's pretty cool," said a Visa spokesman, referring to Mick Jagger. He said the band members received a licensing fee for the clean for "12 weeks now" - no more



The Rolling Stones credit card.

logo's use. Card users win bonus points for discounts on Stones concert souvenirs and memorahilia, and they receive special offers and special prices from record stores.

Charlie Sheen, 29, who has lately snagged more headlines for his wild partying than his movie roles, says he's been

drugs, no more alcohol, no more out control binges. Which is no small feed man who recently unzipped his lip is publicly on such subjects as his alle dalliances as a Heidi Fleiss client, his feush and his passion for porn stars cheerleaders. "I just got tired of what I seeing in the mirror." Sheen says. "It just time to get things hack in order."

Motley Crue's drummer Tommy 32, was shot with pepper spray and h cuffed by police as they broke up a bi outside a nightelub on Sunset Bouley Lee was later released.

José Guirao, 35, has been named d tor of the Reina Sofia Art Center, Sp national museum of contemporary a Madrid. He replaces Maria de Corral was summarily dismissed by Spain's ture minister, Carmen Alborch, becau strong disagreement over what kind to put in the museum. Corral had known for mounting retrospectives of ting-edge artists. Guirao had been he the fine arts division of the Minist

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